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**THESIS**

**COST ESTIMATES OF USAR RETENTION INCENTIVES  
FOR FIRST TERM SOLDIERS AND OFFICERS**

by

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June 2008

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This thesis examines potential retention incentives, both monetary and non-monetary, for first-term enlisted Soldiers and officers in the United States Army Reserve. The examination:

- systematically determines the most demanded, clearly defined, and Army Reserve specific incentives plausible for retention;
- identifies and describes the resulting list, along with appropriate limitations and assumptions;
- develops methodologies for estimating incentive costs of these incentives;
- produces cost estimates for each of the incentives based on available data; and
- describes follow-on analysis to construct an incentive portfolio usable to better allocate programming dollars over a six-year Program Objective Memorandum (POM) horizon.

This thesis relies on data from two concurrent studies performed by the Training and Doctrine Command Analysis Center at Fort Lee (TRAC-LEE), as well as data from the Defense Manpower Data Center. The data elements from the TRAC-LEE studies include over 20,000 surveys, 200 interviews, and information on how Educational Assistance impacts the Army Reserve end strength.

The methodologies and cost estimates are the initial steps in determining a budget-feasible incentive portfolio under the applied career duration patterns of the Army Reserve. This study ignores possible interactions of the incentives and error estimates of the cost estimates.

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**COST ESTIMATES OF USAR RETENTION INCENTIVES FOR FIRST-TERM  
ENLISTED SOLDIERS AND OFFICERS**

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Submitted in partial fulfillment of the  
requirements for the degree of

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## ABSTRACT

This thesis examines potential retention incentives, both monetary and non-monetary, for first-term enlisted Soldiers and officers in the United States Army Reserve. The examination:

- systematically determines the most demanded, clearly defined, and Army Reserve specific incentives that plausibly improve retention;
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## **EXECUTIVE SUMMARY**

This thesis examines potential retention incentives, both monetary and non-monetary, for first-term enlisted Soldiers and officers in the United States Army Reserve.

As part of the Army multi-component unit force, the Army Reserve provides trained and ready Soldiers and units in the critical combat service support and combat support capabilities. The bulk of the Army Reserve personnel strength is the Troop Program Unit or TPU. The TPU is the individual who typically comes to mind when mentioning a "Reservist." The TPU trains on selected "drill" weekends and conducts annual training for two weeks, usually in the summer months. The TPU is the main focus of this thesis.

To prevent high attrition rates, the Army Reserve offers several benefit packages to TPU members. These include cash bonus, education support, discounted health insurance, retirement pay, and savings plan. In order to capitalize on the veteran soldiers as they complete their first-term of service, this thesis examines additional incentives for the purpose of retention.

This thesis relies on data from two concurrent studies performed by the Training and Doctrine Command Analysis Center at Fort Lee (TRAC-LEE), as well as data from the Defense Manpower Data Center. The data elements from the TRAC-LEE studies include over 20,000 surveys, 200 interviews, and information on how Educational Assistance impacts the Army Reserve end strength.

This examination takes a long list of potential retention incentives introduced in those studies, and systematically determines the most demanded, clearly defined, and Army Reserve specific incentives that plausibly improve retention. The resulting list of seven incentives is described in detail, including any relationships and interactions among these programs, and comparable civilian programs.

The patterns found in similar programs, along with the typical career durations, and the current demographics of the Army Reserve, allow for reasonable predictability of incentive eligibility and cost estimating in this study.

The methodologies and cost estimates used in this thesis are the initial steps in determining a budget-feasible incentive portfolio under the applied career duration patterns of the USAR. This study ignores possible interactions of the incentives and error estimates of the cost estimates.

The cost estimates developed in this thesis, for the identified incentives, across a future six-year Program Objective Memorandum horizon, are summarized in Table 1. All costs are Then-Year millions of dollars (TY\$M).

INCENTIVE	ESTIMATED COSTS (TY\$M)						Annual Average
	FY10	FY11	FY12	FY13	FY14	FY15	
Second term Student Loan Repayment Program	12.71	13.13	13.56	14.01	14.47	14.95	13.81
Thrift Savings Plan with matching funds	3.37	8.41	14.21	21.26	27.33	33.41	18.00
TRICARE healthcare coverage upgrade, similar to active duty rate	10.72	22.15	34.32	47.33	61.16	75.86	41.92
One year of graduate school of choice	45.24	46.74	48.28	49.87	51.52	53.22	49.14
Transferability of Montgomery GI Bill education entitlement to a spouse	163.56	163.56	163.56	164.37	164.37	164.37	163.96
Lump sum bonuses for retention of second-term of service	222.49	254.08	249.96	246.80	151.96	116.05	206.89
Reduce the 60 year old retirement age by one year for every two years served past 20	251.34	259.63	268.20	278.41	287.60	297.09	273.71

Table 1. Incentive Cost Estimates (TY\$M) .

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## I. INTRODUCTION

### A. PURPOSE

According to the Office of the Army Reserve, Program Analysis and Evaluation division (OCAR-PAE), the historical United States Army Reserve (USAR) attrition rate for first-term enlisted Soldiers and officers is nearly 70%. There is an apparent need for an incentive portfolio to act as a retention countermeasure to ensure the projected year end strengths demands are met, especially during a time of national emergency and almost certain deployment.

The first-term is defined as the initial four years of service upon accession. This thesis will focus primarily on the typical USAR Soldier, or Troop Program Unit (TPU), which is explained in more detail in the Force Composition section of Chapter II.

This thesis should act as the launching pad in the process of determining a budget-feasible incentive portfolio under a six-year Program Operations Memorandum (POM) in conjunction with the applied career duration patterns of the USAR.

This thesis examines a long list of potential retention incentives, both monetary and non-monetary, introduced in two concurrent studies performed by the Training and Doctrine Command Analysis Center at Fort Lee (TRAC-LEE). The examination systematically determines the most demanded, clearly defined, and Army Reserve specific incentives that plausibly improve retention. The final result of this

thesis is a derived list of first-term retention incentives and their cost estimates over the POM horizon, fiscal years 2010 through 2015.

This thesis relies on data acquired from the two TRAC-LEE studies, as well as data from the Defense Manpower Data Center. The data elements from the TRAC-LEE studies include over 20,000 surveys, 200 interviews, and information on Educational Assistance programs.

#### **B. PROBLEM STATEMENT**

In regard to retention incentives, this thesis recognizes the significant budgetary challenges of the USAR, as captured in the following quote from Lieutenant General Jack C. Stultz, the Chief, Army Reserve.

I appreciate the resources that congress continues to give us. While Army Reserve monetary shortfalls are minimal, our budget and supplementals will not overcome manning and equipment issues. (Stultz, 2008)

This thesis addresses the following study questions:

- What are the most demanded, clearly defined, and Army Reserve specific incentives that plausibly improve retention of first-term enlisted Soldiers and officers in the USAR?
- What are the individual requirements associated with implementing the incentives?
- What methodologies facilitate the development of cost estimates for the incentives?

- What data is necessary and available to estimate the costs of the incentives?
- What are the estimated costs associated with the incentives over a six-year POM?

### **C. MOTIVATION**

The reality of limited POM resources adds a significant challenge to the primary mission of providing the best possible mix of incentives to achieve the end strength objectives while overcoming the limitations of fiscal constraints.

As a proof-of-principle for a larger study, the Training and Doctrine Command Analysis Center at Monterey (TRAC-MTRY) is focusing on a narrow application to demonstrate the utility of value-focused thinking for resource allocation issues. That application is the allocation of resources to USAR accession and retention incentives developed and analyzed as part of the TRAC-LEE studies.

In an attempt to aid the efforts of the three studies, this thesis will develop a comprehensive analysis of the costs of those incentives. The intention is TRAC-MTRY will combine results of this thesis research with the results the TRAC-LEE studies in order to optimize allocation of programming dollars over the POM. This thesis will rely on the data and insight gathered as part of the TRAC-LEE interview and survey efforts, in conjunction with other related studies, to value the potential incentives in accordance with manpower goals and estimated man-years gained. Using a simplified value structure, and simplifying

assumptions, this thesis will develop a mathematical approach to cost estimate the retention incentives. The methodological approach developed here will be designed in a way to facilitate reuse as more data is obtained and updated.

#### **D. METHODOLOGY**

The patterns found in similar programs, along with the typical career durations, the proportions of current demographics of the USAR, allow for reasonable predictability and cost estimating in this study.

The resulting list of seven incentives is described in detail in the next chapter, including any relationships or interactions among these programs, or comparable civilian programs. This thesis ignores any error estimates within the methodologies and cost estimates.

## II. BACKGROUND

### A. THE ARMY RESERVES

#### 1. Mission

Under the United States Code Title 10 (USC Title 10), the laws governing the Armed Forces, the USAR mission is to provide trained and ready Soldiers and units with the critical combat service support and combat support capabilities necessary to support national strategy during peacetime, contingencies and war. The Army Reserve is a key element in the Army multi-component unit force, training with Active and National Guard units to ensure all three components work as a fully integrated team. Figure 1 below shows the personnel strengths among the Army Components.

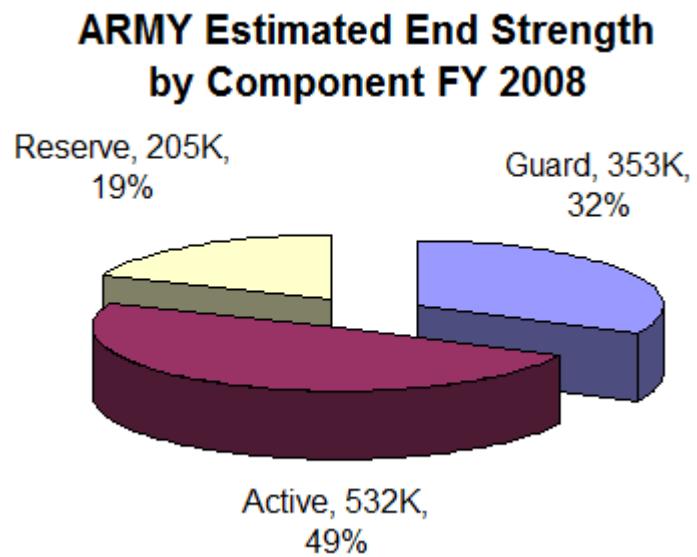


Figure 1. Current Army End Strength.

## **2. Force Composition**

The Army Reserve comprises three groups of Soldiers: the Selected Reserve (the 19% of the current Army end strength depicted in Figure 1), the Individual Ready Reserve (IRR) and the Retired Reserve. Together, the three groups currently account for more than one million Army Reserve Soldiers ready to serve the nation when called upon by the President.

The United States Army Reserve Personnel Command (AR-PERSCOM), headquartered in St. Louis, Missouri, manages individual mobilization programs, provides career management and training to Soldiers in the IRR, and manages Active Guard Reserve standards.

United States Army Reserve Command (USARC), a subordinate command of U.S. Army Forces Command (FORSCOM), commands all Continental United States (CONUS) Army Reserve units except for those units reporting to the United States Special Operations Command (USSOCOM). The USARC structure includes 12 Reserve Readiness Commands (RRC), three Regional Support Groups (RSG) and over 2,000 units in the United States and territories.

The Selected Reserve is the most readily available group of Army Reserve Soldiers. The Selected Reserve comprises Troop Program Units, Active Guard and Reserve Soldiers, and Individual Mobilization Augmentees. In the event of an emergency, all members of the Selected Reserve can be mobilized.

The Troop Program Units (TPUs) are the individuals who typically come to mind when mentioning a "Reservist." TPUs make up the bulk of the Army Reserve force, and will be the main focus of study for this thesis. These men and women are under time-specific contractual agreement with an assigned unit. Their training schedule is similar to part-time employment, enabling them to engage in continued civilian employment or to pursue educational goals. Their training is normally conducted at their home unit on selected "drill" weekends. These working weekends are called multiple unit training assemblies (MUTAs). Each unit training assembly (UTA) is considered an inactive duty day, and is equivalent to one retirement point (discussed in more detail later in this chapter) and one day for pay purposes. Each UTA period obligates the service member to a minimum of four hours of training with a maximum of two MUTAs per day. Thus, for a typical weekend MUTA-4 or two eight-hour days, the TPU will be awarded four retirement points and four days of pay. One calendar year allows up to 48 retirement points for MUTAs.

In addition to the MUTA schedule, an annual training (AT) period of twelve days (excluding any travel time) is also scheduled per calendar year. AT is usually the most flexible time for units to schedule individual school requirements and/or unit training exercises. AT is considered active duty, so retirement points and pay compensation accumulates in one-day increments.

TPUs may earn additional retirement points and pay working additional active duty time when authorized. These additional days may include deployment, special work,

temporary duty, or any other assignments necessary to the mission. A minimum of 50 retirement points is essential for a particular year to be counted as a "qualifying retirement year." Fifteen points are given automatically, so each TPU need only earn 35 retirement points for a "qualifying year." The TPU may accumulate up to 365 retirement points per year (366 in a leap year). The service member will be paid for the duty performed and the retirement points will be awarded, but points acquired above the minimum 50 points for that particular year does not equate to additional qualifying years. Retirement points are recalculated each month at Army Data Processing Centers from the Reserve Personnel Master Tape record for each unit and member. An annual or terminal statement of retirement points is placed in the member's electronic file on the AR-PERSCOM website for tracking and correction. If a service member accumulates 20 or more years of active duty points, then they may elect to receive active duty retirement versus reserve retirement.

**The Active Guard Reserve (AGR)** Soldiers are full-time on active duty in units and organizations of the Army Reserve, or in direct support of the Army Reserve. AGRs share the same pay chart as the Active Component, but are assessed against the Army Reserve end strength and promotion system. They attend scheduled training, mobilize with their respective units, and rotate assignments every three to five years.

The Individual Mobilization Augmentees (IMAs) are individuals assigned to high-level headquarters where they would serve if mobilized. The overall objective of the IMA

program is to augment wartime manpower requirements and structure of the Department of Defense (DOD) and/or other departments or agencies of the U.S. Government. They are readily available for all events throughout the mobilization and/or demobilization of military contingency operations. As members of the Selected Reserve, they are subject to immediate, involuntary order to active duty declared by the President or congress. IMAs are required to perform a minimum of 12 days of AT per fiscal year, but are not required to drill.

The Individual Ready Reserves (IRRs) are prior service Soldiers who possess some remaining period of statutory Military Service Obligation or choose to remain Active as Army Reserve Soldiers. These individuals do not belong to a unit or training schedule. They are essentially "shelved" in case their skills are needed to replace Soldiers in Active Duty and Army Reserve units. Unless the IRR is attached to a unit and becomes an actively used unit resource, then they do not attain any pay, retirement points or benefits.

The Retired Reserve consists of retired Soldiers from the Army (Active Army, Army Reserve and Army National Guard) who are part of the Army Reserve family. These personnel are otherwise eligible for retired pay but are not yet age 60, have not elected discharge, and are not voluntary members of a unit or IRR. More information about Army Reserves may be found at [www.armyreserve.army.mil](http://www.armyreserve.army.mil).

### 3. Army Reserve Benefits

The Army Reserve offers several benefits to Army Reserve service members. Among these benefits are cash bonus, education support, discounted health insurance, retirement pay, and a savings plan. More details about Army Reserves benefits may be found at [www.armyreserve.army.mil](http://www.armyreserve.army.mil). A summary of these benefits, listed in the table below, can be found in the following paragraphs.

<b>Current USAR Benefits</b>	
<b>Category</b>	<b>Benefit</b>
Signing Bonus	Non-Prior Service Enlistment Bonuses
Education	Montgomery GI Bill-Active Duty (MGIB-AG)
	Montgomery GI Bill-Selective Reserve (MGIB-SR)
	MGIB-SR Kicker (MGIB-SRK)
	Tuition Assistance
	Student Loan Repayment Program (SLRP)
Health Care	TRICARE Reserve Select (TRS)
Retirement	Retirement Pay
Savings Plan	Thrift Savings Plan (TSP)

Table 2. Current USAR benefits.

#### Non-Prior Service Signing Bonus

Several types of cash-signing bonuses are offered to non-prior service recruits, as an incentive for initial entry into the Army Reserve. Many new members may qualify for more than one bonus, and their combination may reach as high as \$20,000. The following table summarizes the current Army Reserve Cash Bonus for new recruits:

<b>Bonus</b>	<b>Amount</b>	<b>Payment type</b>	<b>Entitlement Criteria</b>
Non-Prior Service Enlistment Bonuses	Up to \$20,000	Annual Increments	Enlistment of three or six years and Inactive Reserves service for a total of eight years.
Seasonal/Quick Ship Bonuses	Up to \$5,000	Lump sum	Report to training within 30 days of enlistment.
High School Sr. Bonuses	\$1,000	Half at signing, half at completion of initial job training	Six years enlistment
Army Reserve Prior Education Bonus (Explained in more detail below)	Up to \$4,000	Lump sum	Enlistment of three or six years and college level studies completed.
Army Reserve Bonus For Civilian Skills	\$5,000	Lump sum	Possess needed civilian skills.
Army Reserve Chaplain Bonus	Up to \$6,000	Increments	Six years enlistment

Table 3. Non-prior service Army Reserve signing bonuses.

The Army Reserve Education Bonuses is designated to non-prior service applicants with some college course experience. The following lists the earning levels in priority of courses completed:

- A Bachelors' degree can earn the Soldier \$4,000.
- An Associate or two-year degree can earn the Soldier \$3,000.
- 60 or more college semester hours can qualify the Soldier for a \$2,000 bonus.
- 30 to 59 college semester hours can earn the Soldier a \$1,000 bonus.

Additional information may be found at [www.military.com](http://www.military.com).

#### **Education support**

There are two types of Montgomery GI Bills (MGIB), which are Veterans Administration (VA) education support

benefits. One is intended for Active Duty (MGIB-AD) and the other for Selected Reserve (MGIB-SR). The MGIB-AD and the MGIB-SR provide 36 months of education benefits for degree, certificate programs, flight training, apprenticeship/on-the-job training and correspondence courses. An officer, commissioned as a Service Academy graduate or a Reserve Officers' Training Corps (ROTC) Scholarship graduate, are not eligible. MGIB-AD requires a nontaxable pay reduction of \$100 from military pay during first year. The MGIB-SR requires no service member contribution.

Initial eligibility for MGIB-AD is granted to Soldiers and officers on an active duty contract greater than two years or two years of active duty in conjunction with four years in the Selected Reserves. MGIB-SR does not require active duty service, but the service member must agree to a six-year obligation with the Army Reserve. Officers must agree to serve six years in addition to their original obligation. Service members qualifying for both the MGIB-AD or MGIB-SR benefits must elect one or the other, not both.

The MGIB-AD benefits are usable up to 10 years from the date of the Soldier's last discharge, release from active duty, or completion of Selected Reserve obligation. The date of release is adjustable for service members who reenter active duty for 90 days or more after becoming eligible. The MGIB-SR benefits last 14 years from the date that the member departs the Selected Reserve.

The MGIB-AD and the MGIB-SR rates are considerably different in their maximum amounts. The current amounts are \$1101 and \$317 a month, respectively, for 36 months. The

amounts are adjusted annually based on the consumer price index or congressional action. Table 4 displays MGIB rates.

FY	Type	MGIB Monthly RATES			Yearly Maximum	Total 36 Months
		Full-Time	3/4 Time	1/2 Time		
2001	MGIB-AD	\$650	\$487.50	\$325.00	\$7,800.00	\$23,400
	MGIB-SR	\$263	\$197.25	\$131.50	\$3,156.00	\$9,468
2002	MGIB-AD	\$672	\$504.00	\$336.00	\$8,064.00	\$24,192
	MGIB-SR	\$272	\$204.00	\$136.00	\$3,264.00	\$9,792
2003	MGIB-AD	\$900	\$675.00	\$450.00	\$10,800.00	\$32,400
	MGIB-SR	\$276	\$207.00	\$138.00	\$3,312.00	\$9,936
2004	MGIB-AD	\$985	\$738.75	\$492.50	\$11,820.00	\$35,460
	MGIB-SR	\$282	\$211.50	\$141.00	\$3,384.00	\$10,152
2005	MGIB-AD	\$1,004	\$753.00	\$502.00	\$12,048.00	\$36,144
	MGIB-SR	\$288	\$216.00	\$144.00	\$3,456.00	\$10,368
2006	MGIB-AD	\$1,034	\$775.50	\$517.00	\$12,408.00	\$37,224
	MGIB-SR	\$297	\$222.75	\$148.50	\$3,564.00	\$10,692
2007	MGIB-AD	\$1,075	\$806.25	\$537.50	\$12,900.00	\$38,700
	MGIB-SR	\$309	\$231.75	\$154.50	\$3,708.00	\$11,124
2008	MGIB-AD	\$1,101	\$825.75	\$550.50	\$13,212.00	\$39,636

Table 4. MGIB rates for FY 2001 - 2008.

Both MGIB-AD and MGIB-SR entitlements are considered full-time benefits, which means they apply to enrollment as a full-time student. The benefit is calculated in months and days, and each month is considered 30 days. Thus, part-time training or school is adjusted according to the training time. A Soldier enrolled half-time in school for 12 months receives the equivalent of six months of benefits. High-cost training and test fees will require accelerated payment, so the entitlement will be consumed at a higher rate. The amount of benefit utilized is determined by dividing the amount paid by the MGIB monthly rate for full-time training. For example, an accelerated payment of

\$4,404 with the current full-time MGIB rate of \$1,101 would equate to four months of entitlements, and a certification test fee of \$550 would equal one-half month of entitlement.

The Army Reserve also offers a MGIB-SR Kicker (MGIB-SRK) to recruits and qualified prior service applicants who qualify for and accept critical skill positions. The maximum amount available under the combined MGIB-SR and MGIB-SRK is \$24,012. The benefit recipient must be in a high-priority unit or position for six years and may combine the award with other incentives.

Another VA program called the Reserve Educational Assistance Program (REAP) allows Army Reservists to receive one of the following educational benefits for full-time study up to 36 months:

- 40% of the MGIB-AD basic benefit for those serving 90 consecutive days but less than one consecutive year;
- 60% of the MGIB-AD basic benefit for those serving one consecutive year but less than two consecutive years;
- 80% of the MGIB-AD basic benefit for those serving two consecutive years or more.

No monetary contribution on the part of the Army Reservists is required. More information on these VA benefits may be found at [www.gibill.va.gov](http://www.gibill.va.gov).

For the purpose of this thesis, all prior service Army Reservists are eligible for the MGIB-SRK or the REAP (60% MGIB-AD).

New to the MGIB benefit package in FY2008 is the \$600 Buy-up Program, which allows Army Reservists to contribute up to an additional \$600 for increased monthly benefits. The additional contribution boosts the MGIB-AD or the MGIB-

SR benefits up \$5400 total (\$150 per month for 36 months). The following table shows contribution and payment rates.

If this amount paid	Add this amount to Full Time payment	Add this amount to $\frac{3}{4}$ time payment	Add this amount to $\frac{1}{2}$ time payment	Add this amount to less than $\frac{1}{2}$ time but more than $\frac{1}{4}$ time payment	Add this amount to $\frac{1}{4}$ time payment
\$20	\$5.00	\$3.75	\$2.50	\$2.50	\$1.25
\$40	\$10.00	\$7.50	\$5.00	\$5.00	\$2.50
\$60	\$15.00	\$11.25	\$7.50	\$7.50	\$3.75
\$80	\$20.00	\$15.00	\$10.00	\$10.00	\$5.00
\$100	\$25.00	\$18.75	\$12.50	\$12.50	\$6.25
\$120	\$30.00	\$22.50	\$15.00	\$15.00	\$7.50
\$140	\$35.00	\$26.25	\$17.50	\$17.50	\$8.75
\$160	\$40.00	\$30.00	\$20.00	\$20.00	\$10.00
\$180	\$45.00	\$33.75	\$22.50	\$22.50	\$11.25
\$200	\$50.00	\$37.50	\$25.00	\$25.00	\$12.50
\$220	\$55.00	\$41.25	\$27.50	\$27.50	\$13.75
\$240	\$60.00	\$45.00	\$30.00	\$30.00	\$15.00
\$260	\$65.00	\$48.75	\$32.50	\$32.50	\$16.25
\$280	\$70.00	\$52.50	\$35.00	\$35.00	\$17.50
\$300	\$75.00	\$56.25	\$37.50	\$37.50	\$18.75
\$320	\$80.00	\$60.00	\$40.00	\$40.00	\$20.00
\$340	\$85.00	\$63.75	\$42.50	\$42.50	\$21.25
\$360	\$90.00	\$67.50	\$45.00	\$45.00	\$22.50
\$380	\$95.00	\$71.25	\$47.50	\$47.50	\$23.75
\$400	\$100.00	\$75.00	\$50.00	\$50.00	\$25.00
\$420	\$105.00	\$78.75	\$52.50	\$52.50	\$26.25
\$440	\$110.00	\$82.50	\$55.00	\$55.00	\$27.50
\$460	\$115.00	\$86.25	\$57.50	\$57.50	\$28.75
\$480	\$120.00	\$90.00	\$60.00	\$60.00	\$30.00
\$500	\$125.00	\$93.75	\$62.50	\$62.50	\$31.25
\$520	\$130.00	\$97.50	\$65.00	\$65.00	\$32.50
\$540	\$135.00	\$101.25	\$67.50	\$67.50	\$33.75
\$560	\$140.00	\$105.00	\$70.00	\$70.00	\$35.00
\$580	\$145.00	\$108.75	\$72.50	\$72.50	\$36.25
\$600	\$150.00	\$112.50	\$75.00	\$75.00	\$37.50

Table 5. \$600 Buy-up Program Entitlements. (From: [www.gibill.va.gov/GI\\_Bill\\_Info/rates/600\\_buyup](http://www.gibill.va.gov/GI_Bill_Info/rates/600_buyup))

Tuition assistance (TA) is another education support benefit for members of the Selected Reserve. TA provides financial assistance for voluntary off-duty education programs in support of a Soldier's professional and personal

self-development goals. The benefit is extended to TPU officers and Soldiers with payments of \$250 per semester hour, capping out at \$4,500 per fiscal year per person. An officer pursuing a baccalaureate degree must remain a member of the Selected Reserve for at least four years after completion of the education for which tuition assistance was paid. Otherwise, eligibility for TA is a six-year contractual agreement while remaining in active drilling status.

TA may be used for wide array of courses and accreditations, but no more than one credential from each of the following levels is allowed.

- High School Diploma.
- Certificate or licensing.
- Associates degree.
- Baccalaureate degree.
- Master's or first professional degree.

Student Loan Repayment Program (SLRP) is an incentive program which helps enlisted members pay off outstanding student loans. SLRP is not offered to officers. SLRP is designed to reduce or eliminate educational debt that is current at the time of enlistment. Money awarded for SLRP cannot be applied toward student loans acquired after the enlistment date. The benefit is offered under enlistment Selected Reserve contracts of three or six years. The awarded amounts are up to \$10,000, normally, and up to \$20,000 for selected job specialties.

### **Health Care**

Army Reservists and their families may take advantage of discounted medical and dental care through the Army's TRICARE Reserve Select (TRS) health care plan. The only requirement for eligibility is an agreement to serve in the Selected Reserve for one or more years.

TRS members pay a monthly premium for health care coverage, similar to most civilian employer health care plans. Adjusted on January 1st each year, the monthly premiums for 2008 are:

- \$81.00 for TRS member-only coverage.
- \$253.00 for TRS member and family coverage.

Army Reservists called to active duty in support of a contingency operation for more than 30 days receive comprehensive medical care at no cost. The coverage extends to the Soldier's family for the duration of Active Duty service.

### **Retirement Pay**

Army Reserve Retirement Pay is based on points earned during a UTA (one point per period) and active duty (one point per day). A minimum of 50 retirement points is needed per particular calendar year to qualify toward retirement. After 20 years of qualifying service, individuals are entitled to retirement pay at the age of 60. At 20 years of service, retirement pay is equal to 50% of the average of the highest 36 months of basic pay at time of separation. Many Reservists decide to continue service well beyond the 20 year mark, because each additional qualifying year equates to 2.5% more retirement pay up to a maximum of 75%.

Additionally, Reservists may transfer to the Retired Reserve. In this status, they remain affiliated and ready to serve the nation, but in the meantime may discontinue active unit participation. Thus, they may prolong the discharge date until they turn age 60, and their highest 36 months of basic pay may be determined by the pay scales in effect at ages 57, 58, and 59.

Retirement pay is disbursed monthly and is increased annually by a cost of living allowance (COLA) equal to the annual change in the Consumer Price Index (CPI).

#### **Thrift Savings Plan (TSP)**

**Army Reserve TSP** is a 401(k)-type retirement savings and investment plan. The TSP is sponsored by the Federal Government and offers the same type of savings and tax benefits that many corporations offer employees. Details are at [www.tsp.gov](http://www.tsp.gov). TSP participation is optional for all Army service members, and enables members to contribute up to 100% of their basic pay, incentive pay and special pay (including bonus) up to the limits established by the Internal Revenue Code. TSP contributions are either tax-deferred, which means that the money contributed is taken out of the Soldier's pay before federal and state income taxes are withheld, a feature that regular savings accounts cannot offer. Currently, the Federal Government does not support matching funds for Reservists.

#### **4. Prior Service Retention Incentives**

The Army Reserve currently offers cash signing bonuses to help retain personnel or attract members from other services and components in efforts to maintain or achieve

manpower requirements. Many individuals may qualify for bonuses in addition to other incentives.

Army Reserve Prior Service Bonuses are currently offered to all prior service enlisted members, regardless of Military Occupational Specialty (MOS) designation. The bonus amounts are \$15,000 for a six-year reenlistment and \$7,500 for a three-year reenlistment. To qualify for a reenlistment incentive the Soldier must reenlist within the 12 months prior to the end of the current obligation term. The period includes any extensions of service. Additional bonus information may be found at [www.military.com](http://www.military.com).

The Affiliation Bonus is available to TPU Soldiers who possess certain MOS qualifications and have 180 days or less remaining on their active duty obligation within an active component military service, to include AGR. The bonus amounts are \$20,000 for a six-year reenlistment and \$10,000 for a three-year reenlistment.

The combined amount of bonuses cannot exceed \$20,000, but bonuses may be used in conjunction with either the SLRP or the MGIB Kicker, but not both.

#### **B. PROGRAM OBJECTIVE MEMORANDUM (POM)**

The resources provided in the POM-2010 are used in this thesis as fiscal constraints in funding the proposed retention incentives. This section explains the POM and its relevance to the study.

The Department of Defense must develop and articulate its plan to support the President's National Security Strategy, determine priorities, request funds, and execute the funds against priorities under congressional

guidance. These four functions correspond to the four phases of the Planning, Programming, Budgeting, and Execution System (PPBES). The Army uses PPBES to acquire, allocate, and account for personnel and financial resources necessary to develop the best possible Army components. Further details about the POM may be found at [www.defenselink.mil/comptroller/financialindex](http://www.defenselink.mil/comptroller/financialindex).

Within the Army there are six working groups called Program Evaluation Groups (PEGs) that directly support the PPBES process. Each is co-chaired by a representative from the Secretariat and one from the Army Staff.

The PEGs program and monitor resources within the following six functional mission areas: Manning, Equipping, Sustaining, Training, Installations, and Organizing. These areas represent major responsibilities under the USC Title 10, and can be found at [www.access.gpo.gov/uscode](http://www.access.gpo.gov/uscode). The PEGs direct resource changes to Management Decision Packages (MDEPs) inherent in each PEG. MDEPs specify the manpower and dollars associated with a program undertaking and collectively account for all Army resources. The POM outlines the annual budget allocations and funds over a six year period. The PEGs help build the POM, elicit budget-level detail, and track program and budget execution.

There are approximately 500 Army MDEPs and 7,700 program elements (PEs), which further break down the MDEP by specific appropriation type and purpose. These MDEPs and PEs can have multi-year funding requirements and compete for a part of the annual budget.

Each year, congress passes and the President signs into law, two major acts that fund the Army, the DoD Appropriations Act and the Military Construction Act. Appropriations are major categories of funds within the total budget that describe what type of projects the budget funds. A review of congressional funding within these two acts reveals three appropriations specifically earmarked for the Army Reserve:

- Reserve Personnel, Army (RPA) .
- Operations and Maintenance, Army Reserve (OMAR) .
- Military Construction, Army Reserve (MCAR) .

#### **C. AC AND RC PAY DIFFERENCES**

One of the main differences between Army and Army Reserve appropriations exists in the personnel accounts. Army pay is based on Soldiers on duty 365 days per year and is budgeted and centrally managed at HQDA. RC Soldiers are only required to perform 35 days of training per year, but their pay accounts are expandable to multiple, full years of active duty service. Thus, the Army Reserve pay accounts tend to be more flexible and complex to manage. Each individual pay account may fall into several pay categories incident to variable pay allowances and special pays. For example, inactive duty pay and active duty pay during annual training are allotted only base pay and no pay allowances. Pay allowances are allotted if Army Reserve service member is activated for mobilization or ordered to active duty beyond 30 days. The pay category determines if the pay is centrally managed at DA or decentralized and managed at the unit level. The Chief, Army Reserve (CAR) reports to the Chief of Staff of the Army (CSA), and provides input for Army Reserve resources.

#### **D. ARMY RESERVE FORCE GENERATION MODEL (ARFORGEN)**

ARFORGEN is a process in which units move through defined phases in order to reset, train, achieve mission readiness and be available for deployment. This is a five-year cycle model in which the Army Reserve plans to implement by FY09. In the ARFORGEN model, a Soldier will be available for mobilization once every five years and will be deployed if needed. The predictability in the mobilization cycle allows the Army Reservist more ability for joint planning with military goals and civilian goals, such as education and career.

The five year cycle consists of three phases:

- reset/train,
- Ready, and
- Available

The reset/train phase is three year process in which the training progressively intensifies to prepare the Soldiers for a certification event. The fourth year is the ready phase in the training is used to ensure unit preparation for phase three or fifth year in the cycle, availability for deployment.

The ARFORGEN model requires that Soldier's time demand is ramps-up through training and readiness until available phase in which their total time is potentially committed to deployment. For the purpose of this thesis the assumed time required for the three-phase, five-year rotation is as follows:

USAR ARFORGEN Model		
Phase	Year	Time requirement (days)
1	1	38
	2	76
	3	121
2	4	174
3	5	360
Average:		154

Table 6. ARFORGEN Model Time Requirement.

The implementation of ARFORGEN produces a need for a developed menu of incentives to retain personnel in units, especially in year four and five of the training model. Without the right benefits and incentives, personnel losses are possible at the critical time of deployment.

#### **E. RELATED STUDIES**

##### TRAC-MTY

The U.S. Army Training and Doctrine Command (TRADOC) Analysis Center (TRAC) in Monterey (TRAC-MTRY) is currently leading a study called the Army Reserve Capabilities Based Prioritization Metric and Methodology Development study, to develop a reproducible, quantifiable, qualifiable and auditable methodology for the prioritization and allocation of finite resources. The methodology must facilitate the prioritization of capabilities and/or consideration of Army preferences for programs; link resources to capabilities/objectives to facilitate determination of individual program value; and link individual program value to available resources in order to develop a programming recommendation.

In December, 2007, TRAC-MTRY recommended four potential methodological approaches to address the problem. One of those recommended approaches was a value focused thinking decision analysis and optimization approach that uses a structured objectives hierarchy to value each of the Army's programs, which can then be used to optimally allocate resources in a constrained budget environment, based upon program value.

#### TRAC-LEE

In a parallel, unrelated effort, TRAC at Fort Lee (TRAC-LEE) led a study, called the Army Reserve Accession and Retention Analysis (ARARA), to examine potential Army Reserve accession and retention incentives for first-term enlisted Soldiers and company grade officers. The purpose of that analysis was to inform more efficient budgeting decisions, and to ensure that Army Reserve resources are applied to the best alternatives for building and maintaining a fully manned force under the Army Force Generation Model (ARFORGEN). To conduct that study, the team sent out and received back over 20,000 surveys and interviewed over 200 Soldiers. The surveys and interviews addressed respondent career intentions when they joined the Army, incentives that they received, the effect of deployments on their career intentions, and the incentives that would affect their decision to remain in the Army Reserve (AR) or transfer into the Army Reserve from the Active Component (AC) or the National Guard (NG). While the study addressed issues concerning incentives that would entice Soldiers to remain or transfer into the AR, it did not include a comprehensive analysis of the costs of those incentives.

TRAC-LEE is also conducting another study called the Army Reserve Educational Assistance (AR EA) Study. The purpose of that study is to determine the best allocation of Educational Assistance (EA) funds to increase the Army Reserve (AR) end strength. In particular, that study is focused on the MGIB-AD, MGIB-SR, MGIB-SR Kicker, SLRP, and the Tuition Assistance (TA) program.

#### **F. DATA COLLECTION**

##### Defense Manpower Data Center (DMDC)

DMDC is the Department of Defense (DOD) human resource information source and a world-renowned leader in identity management. Their provision of secure services and solutions were of tremendous benefit to this study. DMDC serves as the authoritative source of information on over 28 million people currently and previously connected to DoD. Over 12 data requests were managed through their request URL at [www.dmdc.osd.mil/drs](http://www.dmdc.osd.mil/drs). The information proved essential throughout this thesis process. Particulars deliverables included the Army Reserve end strength and population characteristics.

Other notable data sources are mentioned within the text of this study.

#### **G. THESIS LIMITATIONS AND ASSUMPTIONS**

The following bullets state limitations of this thesis.

- The entire list of incentive options to achieve the USAR end strength objectives cannot be implemented simultaneously due to fiscal constraints and the challenge of competing expenses.

- Data collection is limited to time constraints of this thesis and availability of survey and interview responses, current study results, and the Defense Manpower Data Center (DMDC).
- Not all incentives are fully defined in the source documentation and studies.
- Some incentives have never been implemented or are part of current Army pilot programs; therefore, data are unavailable.

#### Personnel Assumptions

For consistency, this thesis considers personnel eligible for incentives if the following applies.

- Member is serving in TPU status
- Member is serving in fourth Year of Service (YOS).
- Member possesses the following pay grades.
  - Enlisted: E03 - E06, or
  - Officer: O02 - O04.
- Member retains for a six-year TPU service obligation.

#### General Assumptions

The following list states the general assumptions of this thesis.

- Providing an incentive portfolio with cost estimates over a six-year POM horizon facilitates the development of an optimal portfolio within budget constraints.
- Data available are sufficient to develop reasonable cost estimates of the incentives in this study.
- Projected end strength is consistent with the current distribution of pay grades, education levels, marital status, dependent status and age.
- Tracing incentives to related programs of similar type will capture the essence of the incentives.

- The ARFORGEN five-year model is actively implemented with a steady of Soldier demand in mobilization and training days.
- The USAR recruiting mission is in a steady state, with no fundamental changes.
- The overall USAR strength projection goals are achieved.
- The 2008 Basic pay scale, figure 3, will experience .033 inflation rate increases per annum.
- Follow-on studies will address data for unimplemented or pilot incentive programs, which can then be used to determine the value of the incentive.

BASIC PAY—EFFECTIVE JANUARY 1, 2008

Table 7. Pay scale. (After: [www.dfas.mil/militarypay](http://www.dfas.mil/militarypay))

### **III. METHODOLOGY AND ANALYSIS**

#### **A. INCENTIVES**

##### **1. ARARA-derived Incentives**

One purpose of the ARARA study was to determine what monetary and non-monetary incentives were most important to first-term Soldiers and junior officers. The ARARA team interviewed 200 Soldiers in Kuwait and surveyed over 20,000 Soldiers via Army Knowledge Online (AKO). Their responses from both sources were consistent in many ways. For all respondent demographics, pay increases were the dominant desired incentives. Additionally, the majority of respondents reported they would have joined their respective Army component without a bonus, but would not reenlist unless offered a bonus.

The majority of Army Reserve Soldiers interviewed indicated that their career plans would not change if they knew that they would deploy for at most one six- to 12-month period every five to six years, which is the current goal of the Army Force Generation (ARFORGEN) model. Of those who said that their career plans would change, most indicated that the ARFORGEN model would have a positive influence on them and would incline them to stay in the Army Reserves.

Fifty-nine percent of Army Reservists interviewed had not considered transferring to another component or sister service. Those Army Reservists who considered transfer preferred the Active Component most frequently, followed by the Air Force and National Guard.

For the purpose of this thesis, an incentive list is derived from the ARARA Survey, with the addition of the TSP matching funds. The TSP matching funds incentive was not addressed in the ARARA survey, but was addressed by the ARARA study. Also added were the particular educational assistance programs being examined in the TRAC-LEE AR EA study. Question 25 (active duty survey) and 27 (reserve component survey), shown in Appendix A, asked the respondents to rank order the top three incentives that would increase their willingness to join or remain in the Army Reserves until they were eligible for retirement. The results of the rankings are shown below according to Army component in Table 8 (Enlisted) and Table 9 (Officers).

### **Enlisted Incentives**

<u>USAR</u>	<u>National Guard</u>	<u>Active Component</u>
<ol style="list-style-type: none"> <li>1. Increased base pay.</li> <li>2. Lump sum reenlistment bonus.</li> <li>3. Promotion opportunities.</li> <li>4. More training.</li> <li>5. Full student loan repayment.</li> <li>6. Reclassify</li> <li>7. Full-time TRICARE.</li> <li>8. NCO leadership.</li> <li>9. More time with my family.</li> <li>10. Graduate school.</li> </ol>	<ol style="list-style-type: none"> <li>1. Increased base pay.</li> <li>2. Promotion opportunities.</li> <li>3. Lump sum reenlistment bonus.</li> <li>4. More training.</li> <li>5. NCO leadership.</li> <li>6. Double retirement points.</li> <li>7. Full student loan repayment.</li> <li>8. Full-time TRICARE.</li> <li>9. Reclassify.</li> <li>10. Reduce retirement age..</li> </ol>	<ol style="list-style-type: none"> <li>1. Increased base pay.</li> <li>2. More time with family.</li> <li>3. Lump sum reenlistment bonus.</li> <li>4. Promotion opportunities.</li> <li>5. NCO leadership.</li> <li>6. Being assigned to a unit closer to home.</li> <li>7. MGIB transferability.</li> <li>8. Reclassify.</li> <li>9. Graduate school.</li> <li>10. Family support.</li> </ol>

Table 8. Enlisted incentives as ranked by the ARARA study.

## Officer Incentives

<u>USAR</u>	<u>National Guard</u>	<u>Active Component</u>
1. Increased base pay. 2. Reduce retirement age. 3. Full student loan repayment. 4. Graduate school. 5. Opportunity to move between compos. 6. Promotion opportunities. 7. More time with family. 8. Full-time TRICARE. 9. Lump sum reenlistment bonus. 10. Double retirement points.	1. Increased base pay. 2. Reduce retirement age 3. One year grad school. 4. Full student loan repayment. 5. Lump sum reenlistment bonus. 6. Double retirement points. 7. More time with family. 8. Promotion opportunities. 9. Opportunity to move between compos. 10. Full-time TRICARE.	1. Increased base pay. 2. More time with family. 3. One year grad school. 4. Promotion opportunities. 5. Officer leadership. 6. Being assigned to unit closer to home. 7. Full student loan repayment. 8. Double retirement points. 9. Increase special pay. 10. Predictability.

Table 9. Officer incentives as ranked by the ARARA study.

Just as prospective recruits are interested in education, healthcare, retirement, predictability, and stability, the same concerns are applicable to their decision for a second term of service. Most Soldiers either joined or would have joined without a bonus, so the above incentives were explored to present additional incentive opportunities.

Table 10 illustrates the sequential pattern used to narrow down the incentive list into areas of concern that can be addressed. A summary of the steps taken are in the following paragraphs.

INCENTIVES	Rank of Survey						In top 10	clearly defined	Primary Cost Element	Specific to AR				
	Enlisted			Officer										
	AR	NG	AC	AR	NG	AC								
More training	4	4	4				Y	N						
Better professional development							N							
Opportunity to change my MOS/AOC	6	9	8				Y	Y	N					
Transferrability between the AC and RC				5	9		Y	Y	N					
More support for families			10				X	N						
eDrilling (Drill at a locally over a network)							N							
Transfer MGIB entitlement to a dependent				7			Y	Y	Y	Y				
More child care services							N							
Increased basic pay	1	1	1	1	1	1	Y	Y	Y	N				
Increased special pay						9	Y	Y	Y	N				
Lump sum re-enlistment bonuses	2	3	3	9	5		Y	Y	Y	Y				
four plus years advance deployment notice						10	Y	Y	N					
Transfer TA benefits to my family							N							
More time with my family	9		2	7	7	2	Y	N						
Better promotion opportunities	3	2	4	6	8	4	Y	N						
Higher quality of NCO leadership	8	5	5				Y	N						
Higher quality of officer leadership						5	Y	N						
Better family healthcare							N							
Full Student Loan Repayment	5	7		3	4	7	Y	Y	Y	Y				
TRICARE coverage at active duty rate	7	8		8	10		Y	Y	Y	Y				
Being assigned to a unit closer to home			6			6	Y	Y	N					
offset child care costs incurred during duty							N							
Reduce retirement age 60, one year for every two years you served past 20		10		2	2		Y	Y	Y	Y				
Double retirement points in the combat zone		6		10	6	8	Y	Y	N					
Civilian health care insurance supplement							N							
One year of graduate school of choice	10		9	4	3	3	Y	Y	Y	Y				

Table 10. ARARA Study Incentives Screening Process.

Column one of Table 10, is the original ARARA survey incentives list. The next six columns are the respondents' ordered rankings from Tables 8 and 9. The remainder of the columns note the four-step screening process used to narrow the scope of consideration for the purpose of this study. The Y and N (yes and no) in each cell indicate whether the incentive was considered further. The incentives which survived the screening process were combined in the final list, given later in the chapter.

The screening process to delineate and sequentially examine the incentives is explained in more detail below.

The following list contains the incentives that did not receive an aggregate ranking in the top ten for any of the respondent groups' selections and were eliminated.

- Better professional development
- eDrilling (Drill at a local Reserve Center over the internet)
- Increased availability of child-care services
- Transfer of my tuition assistance benefits to my family
- Better access to healthcare for family
- Monetary support to offset some child care costs during training and deployments
- Army supplement to cover civilian health care insurance

The following incentives were not clearly defined enough to perform a cost estimate, and were eliminated.

- More training
- More support for families
- More time with my family
- Better promotion opportunities
- Higher quality of NCO leadership
- Higher quality of officer leadership

The following incentives did not fall into a primary cost category, meaning that the incentives were not likely to be considered major cost elements in the POM planning process.

- Opportunity to change my MOS/AOC
- Opportunity to move back and forth between the Active and Reserve components
- Being given four or more years advance notice of eligibility to deploy
- Being assigned to a unit closer to home
- Double retirement points for time served in the combat zone

The last step of the process was to remove non-Army-Reserve-specific incentives. The two pay increases would essentially be DOD-wide incentives and would impact all service members because of the mutually inclusive pay scale.

- Increased basic pay
- Increased special pay

The remainder of the list is as follows.

- Transfer Montgomery GI Bill (MGIB) entitlement to a dependent.
- Lump sum re-enlistment bonuses.
- TRICARE coverage at active duty rate.
- Full Student Loan Repayment.
- Reduce age 60 retirement age by one year for every two years you serve in the Reserve component past 20.
- One year of graduate school in school and degree of my choice.

## **2. EA Study Derived Incentives**

The EA study problem statement was to investigate current trends and results of Army Reserve educational assistance (EA) program allocation, administration,

execution and cost on AR recruitment, retention and attrition of Troop Program Unit (TPU) enlisted and officer personnel; and to determine changes needed in AR EA allocation, administration, execution and cost to increase the recruitment and retention of TPU enlisted and officer personnel in 2011.

The AR EA study hypothesizes that if the Army Reserve would:

- better align and allocate benefits with the desires and needs of TPU members and prospects,
- streamline the administrative and execution processes, and
- make more available information about benefits, the application process and the utilization thereof,

then recruitment and retention would significantly increase probability of success of reaching the Army Reserve TPU end strength goals.

## Army Reserve Educational Assistance Program Matrix

EA Programs	Eligibility Criteria	Applicability		Use Period		Total Cost	Comments
		OFF	EM	In Svc	Out Svc		
<b>REAP (Chapter 1607)</b>	Served on active duty on or after 9/11 2001 for 90 consecutive days under Title 10.	X	X	X	X	\$25,312.32 (5 Years)	Benefit is a percent of MGIB based on tour length in Iraq, Afghanistan, etc.
<b>MGIB-SR (Chapter 1606)</b>	HS Dip or GED; > 50 on ASVAB; complete IADT; 6-Yr contract.		X	X	X	\$10,152 or \$22,000	Part of college paid for; can join ROTC and become an officer.
<b>MGIB-SRK (Chapter 1606)</b>	MOS specific, plus see above (MGIB-SR).		X	X	X	\$100, \$200 or \$350 Mthly	MGIB-SR augment package.
<b>Student Loan Repayment Program (SLRP)</b>	Prior student loan in good standing; and remain qualified in MOS during initial enlistment.	X	X	X	NA	\$10,000 or \$20,000	15% of loan or 1.5K per year, up to 10K; 3K per year, up to 20K for some job skills.
<b>Army Tuition Assistance</b>	Make request. Must be in AR.	X	X	X	?	\$4,500 per year	Apply to classroom, Internet and correspondence Crs.
<b>The Concurrent Admissions Pgm (ConAP)</b>	Must join AR; attend Network of community and 4-yr colleges and universities.	X	X	X	?	NA (Admin Only)	Can be already admitted to college.
<b>Servicemember Opportunity Colleges (SOC)</b>	Must join AR and have desire to attend network of community and 4-yr colleges and universities.	X	X	X	?	NA (Admin Only)	College credit awarded for Army Svc Sch Crs and Army experience.
<b>REAP: Reserve Education Assistance Program; MGIB-SR: Montgomery GI Bill – Selected Reserve; SRK: Selected Reserve Kicker; OFF: Officer; EM: Enlisted Member; and Svc: Service</b>							

Table 11. TRAC-LEE AR EA study incentive matrix

Table 11 illustrates the educational assistance programs analyzed as tools to access and retain Army Reservists. The light green text in the table indicates the EA programs of emphasis in the AR EA study. As discussed in Chapter I, the MGIB-SR benefit is offered at accession into the Army Reserve for non-prior military service members, and MGIB-SRK and REAP are incentives unrelated to retention. Nonetheless, to cost estimate the transfer of MGIB entitlements, an understanding of the cost associated with the MGIB-SR, MGIB-SRK, and REAP was necessary.

Likewise, SLRP is an incentive used upon initiation of military service in the Army Reserves, not applicable as a retention incentive tool. If the SLP were renewed to apply toward student loans acquired during service years, then the incentive would be plausible for retention. Furthermore, the format of SLP passes the commonsense test, for a cap is set and the student loan debt must be preexisting prior to the new service obligation. The unbounded payment associated with the Full Student Loan Repayment is unrealistic. Thus, second-term SLP will replace the Full Student Loan Repayment from the derived ARARA list.

The other educational benefit, TA, is a broad-based incentive, so the incentive quality for retention has less impact. It is not an added incentive, but a common benefit to all Army Reservists. Therefore, TA will not be included in this study.

For the purpose of this study, the educational incentives were narrowed down to the overlapping and corresponding incentives list derived from the ARARA study. Furthermore, the new list will remove full student loan repayment and add second-term SLP in its place. The remaining incentives are unique to second term retention.

### **3. Other Consideration**

The following paragraphs will expound on broad-based incentives and their effect on other incentives and budget constraints. "Broad-based" or "across-the-board" incentive plans are those plans offered to all members. In the Army Reserves, these include MGIB, discounted health insurance and TSP.

Historically, these incentives are consistently available to service members, and therefore have had a consistent presence in the OCAR budget. These incentives may have originated as a retention or recruiting tool, but they have been opened to all members. This change of policy, and the resulting large number of recipients of this funding present an affordability dilemma due to the potentially large accumulating cost.

If an incentive has a recurring budget obligation, then the increase of the incentive or an introduction of new incentives would restrict the limited budgeting further. The objective is to balance the two competing variables of cost and retained individuals.

Many incentives create a precedent, and the continuation of that incentive is anticipated by the members, possibly until the terminal point of their careers. Just as the offer influenced some to stay, the termination of the offer may turn off the desire to stay. Also, the offer may have been invoked by a congressional decision, and the overturning the incentive may entail another act of congress. Additionally, the incentive may lose its luster to influence retention, for the incentive is not unique to those being retained, but generic to all.

One example of the above is the Federal Employee Retirement Savings (FERS) plan. FERS is the TSP matching funds plan, which offers tax-deferred investment and an investment match.

Percent of Basic Pay Contributed to TSP Account (FERS Employees Only)			
Individual Contribution	Government Investment Automatic Contribution	Matching Contribution	Total Contribution
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.50%	8.50%
5%	1%	4%	10%
Over 5% contributions are not matched.			

Table 12. FERS Contribution and Matching rates. (From: [www.tsp.gov/features/chapter04](http://www.tsp.gov/features/chapter04))

Table 12 illustrates the government matching contribution for FERS. Under this plan, the government automatically contributes one percent of basic pay at each pay period, regardless of individual contribution. The matching contributions are scaled one-to-one for the first three percent of base pay individually contributed and half-to-one for the next two percent of base pay individually contributed.

Civilian Historical Participation Rates			
Year	Period	Rate	Growth
1987	1	38.2%	
1988	2	46.6%	22.0%
1989	3	50.7%	8.8%
1990	4	56.4%	11.2%
1991	5	61.9%	9.8%
1992	6	67.7%	9.4%
1993	7	72.7%	7.4%
1994	8	75.8%	4.3%
1995	9	78.4%	3.4%
1996	10	81.3%	3.7%
1997	11	84.4%	3.8%
1998	12	86.1%	2.0%
1999	13	86.3%	0.2%
2000	14	86.8%	0.6%
2001	15	86.6%	-0.2%
2002	16	87.2%	0.7%
2003	17	86.6%	-0.7%
2004	18	86.7%	0.1%
2005	19	86.3%	-0.5%
2006	20	85.8%	-0.6%

Table 13. FERS participation rates.

The cost is high because participation is high. The participation rate climbs to over 81% in the first decade. The assumption is the participation rate of the USAR will match that of the FERS. Therefore, for the purpose of this thesis, the incentives uniquely granted to the individuals continuing their second term of service in the USAR, and the incentives will only continue through the duration of the second term. Any computation outside of this scope will not be considered in the cost estimates made in this thesis.

#### **4. Final List**

Based upon the previous sections, the incentives addressed in this thesis are as follows:

- TSP matching funds
- Transferability of MGIB entitlements to dependent
- Lump sum second-term bonuses
- Second-term SLRP
- TRICARE upgrade (similar to active duty rate)
- Reduce retirement age 60, one year for every two years you served past 20
- One year of graduate school of choice

#### **B. COST ESTIMATES**

Table 14 below summarizes the cost estimates, over the POM period, for the proposed incentives. All costs are Then-Year millions of dollars (TY\$M). The description of the incentives as well as the cost estimate methodologies are in the following paragraphs.

INCENTIVE	ESTIMATED COSTS (TY\$M)						Annual Average
	FY10	FY11	FY12	FY13	FY14	FY15	
Second term Student Loan Repayment Program	12.71	13.13	13.56	14.01	14.47	14.95	13.81
Thrift Savings Plan with matching funds	3.37	8.41	14.21	21.26	27.33	33.41	18.00
TRICARE healthcare coverage upgrade, similar to active duty rate	10.72	22.15	34.32	47.33	61.16	75.86	41.92
One year of graduate school of choice	45.24	46.74	48.28	49.87	51.52	53.22	49.14
Transferability of Montgomery GI Bill education entitlement to a spouse	163.56	163.56	163.56	164.37	164.37	164.37	163.96
Lump sum bonuses for retention of second-term of service	222.49	254.08	249.96	246.80	151.96	116.05	206.89
Reduce the 60 year old retirement age by one year for every two years served past 20	251.34	259.63	268.20	278.41	287.60	297.09	273.71

Table 14. Incentive Cost Estimates (TY\$M) .

### 1. Thrift Savings Plan (TSP) Matching Funds

Under the current TSP rules, all service members may contribute any percentage of basic pay, incentive pay, special pay or bonus as long as the annual total does not exceed \$15,500, the 2008 Internal Revenue Code limit. The TSP contributions are removed from pay prior to tax withholding, and the earnings are tax-deferred until withdrawal, normally at retirement and possibly a lower tax bracket. Members may diversify and partition allotment amounts among five different investment funds. Funds may be transferred into the TSP from other retirement plans, and transferred out upon retirement or departure from Federal service.

For the purpose of this thesis, the matching funds program will only apply to Army Reservists continuing into their second term of service, regardless of designated Military Occupational Specialty (MOS). Thus, critical specialties are not considered discriminators toward receipt of the incentive.

The criterion for the TSP matching fund program is as follows.

- The matching contributions apply only to basic pay.
- One percent of basic pay is automatically contributed by the government.
- Matching contributions apply to the first five percent of basic pay contributed each pay period.
- Contributions are matched dollar-for-dollar on the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay.

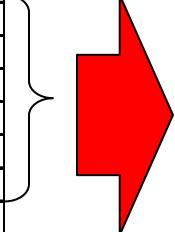
Special Note: Matching TSP contributions is a current Department of the Army (DA) pilot program for non-prior Regular Army recruits who enlist for a minimum of five years in a critical job specialty. No data is currently available on the success of this program. More TSP information can be found at [www.tsp.gov](http://www.tsp.gov).

The cost per year to fund the TSP Matching Funds incentive is estimated as:

$$\begin{aligned} \text{Cost} = \sum_{\text{year,rank}} & (Elig_{\text{year,rank}}) \times (Pay_{\text{year,rank,YOS}}) \times (1 + Inflate^{(\text{year}-\text{FY08})}) \\ & \times (PayDays) \times (.01 + PRate \times .04) \end{aligned}$$

<u>Indices:</u>	<u>Meaning</u>
<i>year</i>	Fiscal Years 2010 through 2015
<i>rank</i>	Pay grade or military rank
<i>YOS</i>	Years of service
<u>Variables:</u> <u>Meaning, basis and (unit of value)</u>	
<i>Elig<sub>year,rank</sub></i> ,	End strength personnel eligible for retention incentive by <i>year</i> , <i>rank</i> and <i>YOS</i> . (#)
<i>Pay<sub>year,rank,YOS</sub></i>	2008 Military Pay Scale according to <i>year</i> , <i>rank</i> and <i>YOS</i> . (\$)
<i>Inflate<sup>(year - FY 08)</sup></i>	The annual inflation rate of .033. FY08 is the base year, so, for instance, (FY14 - FY 08) = 6. (#)
<i>PayDays</i>	Average days paid per year based on ARFORGEN five year cycle, $\approx$ 154 days. $(38+76+121+174+360)/5 = 154$ day/year Note: Basic pay is based on a 30 day per month scale. (#)
<i>Prate</i>	The Participation rate (based on Civilian Historical Rates).

This thesis will assume the Army Reserve TSP participation will surge immediately in participation equivalent to the first year's matching funds when offered to civilian sector in 1987. The initial rate is 38.2% with an eventual rate of 67.7%. The initial rate may be a conservative estimation because TSP is an existing program, and tentativeness of investing in TSP should not exist for current participants. Table 15 reflects participation rates from civilian to Army Reserve.



Civilian Historical Participation Rates			
Year	Period	Rate	Difference
1987	1	38.2%	
1988	2	46.6%	22.0%
1989	3	50.7%	8.8%
1990	4	56.4%	11.2%
1991	5	61.9%	9.8%
1992	6	67.7%	9.4%
1993	7	72.7%	7.4%
1994	8	75.8%	4.3%
1995	9	78.4%	3.4%
1996	10	81.3%	3.7%
1997	11	84.4%	3.8%
1998	12	86.1%	2.0%
1999	13	86.3%	0.2%
2000	14	86.8%	0.6%
2001	15	86.6%	-0.2%
2002	16	87.2%	0.7%
2003	17	86.6%	-0.7%
2004	18	86.7%	0.1%
2005	19	86.3%	-0.5%
2006	20	85.8%	-0.6%

USAR Projected Participation Rates			
Year	Period	Rate	Growth
2010	1	38.2%	
2011	2	46.6%	22.0%
2012	3	50.7%	8.8%
2013	4	56.4%	11.2%
2014	5	61.9%	9.8%
2015	6	67.7%	9.4%

The USAR proposed participation rate is an estimate mirrored on the expectation that the service members would mimic the same participation rate and growth rate experienced in first six years of the civilian program.

Table 15. Projected USAR TSP participation rates.

## 2. Transferability of MGIB Entitlement

According to data from DMDC, there are 5,522 Army Reservists enrolled in MGIB-AD, 90 are entitled to the MGIB-AD kicker. Currently there are 1755 Army Reservists using the MGIB benefits, 23 have used all the allotted monthly entitlements and 245 have let the entitlement period expire with unused entitlements remaining.

The data detailing the use and non-use of the MGIB entitlements is unavailable. Ideally, knowing the historical amount of entitlement not used after expiration of entitlement would give a clearer picture of government expenditure differences with the transferability to dependence.

To develop the cost estimate equation, this research relied on the fact that all eligible Soldiers are automatically given the MGIB-SR. Only those officers commissioned through a service academy or ROTC scholarship are not eligible to receive MGIB benefits. Table 16 below lists the commissioning sources in 2002 data obtained from [www.defenselink.mil/prhome/poprep2002](http://www.defenselink.mil/prhome/poprep2002).

Source of Commission of Selected Reserve Officer Accessions (Percent)		
Source of Commission		
Service Academy	5.6	
ROTC-Scholarship	18.5	24.1
ROTC-No Scholarship	32.5	
OCS/OTS/PLC	5.2	
ANG AMS/ARNG OCS	8.3	75.9
Direct Appointment	28.3	
Other <sup>1</sup>	1.6	
<b>Total</b>	<b>100</b>	

Table 16. Army Reserve Commissioning Sources.

Additionally, these Soldiers are subject to the ARFORGEN training cycle and would likely experience a period of over one year of active duty every five years. Thus, each member should be entitled to 60% of the MGIB-AD under REAP (see Chapter I under Army Reserve benefits) or the combination of the MGIB-SR and the MGIB-SRK.

Under the two above assumptions, the total available MGIB entitlement based on FY08 are as follows.

- REAP is equal to 60% of \$39636 or \$23,781.60, or
- MGIB-SR with MGIB-SRK is equal to \$24,012.00.

Thus, the average level of MGIB benefits in FY08 is \$23,896.80. This average is recalculated for each FY in the cost estimates with the assumed inflation rate of .033 per year. The projections are illustrated in Table 17.

This study will not consider the \$600 MGIB-SR buy up, which is new in 2008, since success and participation is not yet assessed.

FY	Type	Total Months	36 Months		18 Months Entitlement	Average
			REAP	With Kicker		
2010	MGIB-AD	\$42,295	\$25,377		\$12,688.54	\$12,750.01
	MGIB-SR	\$12,262		\$25,622.94	\$12,811.47	
2011	MGIB-AD	\$43,691	\$26,215		\$13,107.26	\$13,170.76
	MGIB-SR	\$12,667		\$26,468.50	\$13,234.25	
2012	MGIB-AD	\$45,133	\$27,080		\$13,539.80	\$13,605.39
	MGIB-SR	\$13,085		\$27,341.96	\$13,670.98	
2013	MGIB-AD	\$46,622	\$27,973		\$13,986.62	\$14,054.37
	MGIB-SR	\$13,516		\$28,244.24	\$14,122.12	
2014	MGIB-AD	\$48,161	\$28,896		\$14,448.18	\$14,518.16
	MGIB-SR	\$13,963		\$29,176.30	\$14,588.15	
2015	MGIB-AD	\$49,750	\$29,850		\$14,924.97	\$14,997.26
	MGIB-SR	\$14,423		\$30,139.12	\$15,069.56	

Table 17. MGIB amounts available for dependent transfer.

Special Note: Transfer of MGIB-AD benefits is authorized by the Department of the Army as a Regular Army Pilot program bound by law to retention of critical skills enlisted Soldiers who have completed a minimum of six years and reenlist for a minimum of four years. The transfer amount of benefit is 18 months of entitlement. The entitlement window for use is the same as that granted to the Soldier. Thus, once the Soldier or dependent begins use of the entitlement, the ten-year period of use-or-lose is activated. Additionally, under this program, qualifying individuals are allowed to transfer benefits to any dependent member of the family over the age of 18. No data is currently available on the success of the program. Information concerning transfer pilot program may be found at [www.gibill.va.gov/pamphlets/ArmyMGIBTransfpilot.pdf](http://www.gibill.va.gov/pamphlets/ArmyMGIBTransfpilot.pdf).

For the purpose of this thesis, the MGIB benefits will only be transferable to Soldier spouses, and the entitlement transfer period is restricted to the Soldiers' new periods of obligation in the Army Reserves.

The cost per year to fund Transferability of MGIB Entitlement incentive is estimated as:

$$\text{Cost} = \sum_{year, rank} (Elig_{year, rank}) \times (MGIB\_Avail) \times Inflate^{(year - FY 08)} \\ \times (\% Married_{year, rank}) \times (SpouseUsage)$$

<u>Indices:</u>	<u>Meaning</u>
<i>year</i>	Fiscal Years 2010 through 2015
<i>rank</i>	Pay grade or military rank
<u>Variables:</u>	<u>Meaning, basis and (unit of value)</u>
<i>Elig<sub>year, rank</sub></i>	End strength eligible for retention incentive by <i>year</i> and <i>rank</i> . (#)
<i>MGIB_Avail</i>	The estimated amount of MGIB entitlement available to the Eligible Army Reservists. The value is based on the average amount of monies derived from the MGIB-SR and MGIB-SRK or REAP (60% MGIB-AD). The 18 months of entitlement is one half of the 36 months of entitlement. (\$)
<i>Inflate<sup>(year - FY 08)</sup></i>	The annual inflation rate of .033. FY08 is the base year, so, for instance, (FY14 - FY 08) = 6. (#)
<i>%Married<sub>year, rank</sub></i>	Estimated number of Eligible Army Reservists that are married. The value is based on sample data provided from DMDC, and accounts for pay grade and years of service as of March 2008. (%)

*SpouseUsage*

The estimate of MGIB entitlement usage is 59%, which is also the estimated usage for Army Reservist throughout the lifetime of the entitlement. (%)

### **3. Lump Sum Bonuses**

To recap bonus information discussed earlier in Chapter I, Army Reserve Prior Service Bonuses are currently offered to all prior service enlisted members in the amounts of \$15,000 and \$7,500 for six- and three-year reenlistments, respectively. The Affiliation Bonus amounts are \$20,000 and \$10,000 for six- and three-year reenlistments, respectively.

There are currently no bonuses for Army Reserve officers to extend beyond their first term obligation. As recent as November 2007, the Regular Army has offered a bonus option generating 8,875 service extension contracts, including 3,725 for the \$35,000 bonus targeted at captains in shortage career branches.

For the purpose of this research, a retention bonus of \$20,000 for six-year reenlistment will be used as a placeholder and offered to both Enlisted and Officers at the end of their first term. This straightforward computation is not very insightful, but the bonus cost estimation could act as a litmus test for the other incentives. The bonus is the most prevalent form of entitlement to impact or persuade recruitment or retention, but it is often the most expensive.

The cost per year to fund Lump Sum Bonuses incentive is estimated as:

$$\text{Cost} = \sum_{\text{year, rank}} (\text{Elig}_{\text{year, rank}}) \times (\text{Bonus}) \times \text{Inflate}^{(\text{year} - \text{FY08})}$$

<u>Indices:</u>	<u>Meaning</u>
<i>year</i>	Fiscal Years 2010 through 2015
<i>rank</i>	Pay grade or military rank
<u>Variables:</u>	<u>Meaning, basis and (unit of value)</u>
<i>Elig<sub>year,rank</sub></i>	End strength eligible for retention incentive by <i>year</i> and <i>rank</i> . (#)
<i>Bonus</i>	The current highest retention bonus available as FY 2008, \$20,000, with an adjustment of 1.033 inflation rate increase per annum. (\$)
<i>Inflate<sup>(year - FY08)</sup></i>	The annual inflation rate of .033. FY08 is the base year, so, for instance, (FY14 - FY 08) = 6. (#)

#### **4. Second Term SLRP**

As discussed earlier in Chapter I, SLRP, or Student Loan Repayment Program, is an incentive program which helps enlisted members pay off outstanding student loans. SLRP may fall short of being overly valuable to the recipients of the benefit, for SLRP is designed to reduce or eliminate educational debt that is current at the time of enlistment. Any student loan debt acquired after enlistment is unaffected. With awarded amounts of up \$3000 per year or to \$20,000, the benefit may be more advantageous to the second-term enlisted Soldiers and officer.

Currently there are 924 enlisted Soldiers (E01 through E06) with less than one year of service and an education

level above one semester of college. If SLRP were offered to both officers and enlisted Soldiers (E03 through E06 and O02 through O04) as they enter their second term of service (at four years of service), then 1782 personnel could take advantage of the incentive. This would allow a much larger target group for the SLP incentive, plus give added bonuses to Army Reserve personnel who continue service while pursuing individual educational goals.

The following table shows the percentage of students borrowing and median cumulative debt per borrower according to education level achieved. Graduate and professional students borrow considerably more, with the additional debt for a graduate degree ranging from \$26,119 to professional private degree of \$71,317.

Degree	Institution	Median	
		% who had Borrowed	Amount Borrowed
<b>Certificate</b>	Community College	21	\$5,307
	Proprietary School	78	\$5,705
<b>Associate</b>	Community College	28	\$5,879
<b>Bachelor's</b>	Public Four-year	58	\$14,671
	Private Four-year	69	\$17,125
<b>Master's</b>	Public Four-year	49	\$26,119
	Private Four-year	73	\$29,000
<b>Doctorate</b>	All Institutions	48	\$44,743
<b>Professional</b>	Public Four-year	89	\$63,500
	Private Four-year	81	\$71,317

Table 18. Student Loan indebtedness estimates. (From: 2003-2004, from [www.acenet.edu](http://www.acenet.edu))

The cost per year to fund Second Term SLRP incentive is estimated as:

$$\text{Cost} = \sum_{year,rank} (Elig_{year,rank}) \times (StudentLoanDebt) \times Inflate^{(FYXX - FY08)}$$

<u>Indices:</u>	<u>Meaning</u>
<i>year</i>	Fiscal Years 2010 through 2015
<i>rank</i>	Pay grade or military rank
<u>Variables:</u>	<u>Meaning, basis and (unit of value)</u>
<i>Elig<sub>year,rank</sub></i>	End strength eligible for retention incentive by <i>year</i> and <i>rank</i> . (#)
<i>StudentLoanDebt</i>	The estimated student loan debt based on current statistics provided through the census for educational level reached as of FY 2008. As with the SLRP for first-term Soldiers, the limit is set at \$20,000 with an adjustment of 1.033 inflation rate increases per annum. (\$)
<i>Inflate<sup>(year - FY 08)</sup></i>	The annual inflation rate of .033. FY08 is the base year, so, for instance, (FY14 - FY 08) = 6. (#)

## 5. TRICARE Upgrade

TRS coverage monthly premiums for 2008 are:

- \$81.00 for TRS member-only coverage
- \$253.00 for TRS member and family coverage

The proposal in the actual ARARA survey is for the government to pay TRICARE coverage for 28 percent of premium cost while Soldiers are in a TPU Status and 100 percent while soldier is mobilized or on Active duty status for more than 30 days.

To develop the cost estimate equation, there must be a determination of eligible Soldiers that are with or without dependents. Additionally, the ARFORGEN training cycle will be used to determine the premium costs. The ARFORGEN is divided into five stages, so, each year, 20% of the Soldiers are considered active duty or in deployed status.

During the first three years, or 60% of the five-year cycle, the Soldiers would most likely remain solely in TPU status. The fourth year would be approximately one-half in TPU status and the rest on active duty. The fifth year would make the Army Reservist available for deployment and on full-time active duty, and the TRS premiums would be paid by the government. Refer to ARFORGEN Training strategy present earlier in Figure 2.

The cost per year to fund the TRICARE Upgrade is estimated as:

$$\text{Cost} = \sum_{year, rank} (Elig_{year, rank}) \times (DepStatus) \times Inflate^{(year-FY08)} \times [(28\%)(70\%) + 30\%]$$

Indices: Meaning

*year* Fiscal Years 2010 through 2015  
*rank* Pay grade or military rank

Variables: Meaning, basis and (unit of value)

<i>Elig<sub>year,rank</sub></i>	End strength eligible for retention incentive by <i>year</i> and <i>rank</i> . (#)
<i>DepStatus</i>	With or without dependents determines the monthly premium rate of \$253 or \$81 respectively. The rate will be adjusted at 1.033 inflation rate per annum. (\$)
<i>Inflate<sup>(year - FY 08)</sup></i>	The annual inflation rate of .033. FY08 is the base year, so, for instance, (FY14 - FY 08) = 6. (#)

This sum (28%) (70%) + 30% represents the pay TRICARE coverage for 28% of premium cost while Soldiers are in a TPU Status (estimated at 70% of the time) and 100% of the premium while soldier is mobilized or on Active duty status (estimated at 30% of the time).

## **6. Reduce Retirement Age**

Once a member of the Army Reserves reaches 20 qualifying years of service, they are eligible for retirement. Unfortunately, retired pay is not payable until the retiree reaches age 60. On the upside, retirement pay is computed as a product of 2.5 percent, the number of years served, and the average high-three years of base pay. They can also assume the retirement pay, which is disbursed monthly, will increase annually by a COLA equal to the annual change in the CPI (.033 annual increase consistent with the estimated inflation rate used to project future basic pay).

According to data provided by DMDC, the average for Army Reserve officers and Enlisted to retire (i.e.,

discontinue TPU status and service) is age 55 and 54 respectively, both at 32 years of service. Thus, the wait in years before receiving retirement pay is roughly five and six years, both at 75% base pay of retirement year. Table 18 shows the average current age for officer and enlisted Army Reservists beginning at four YOS, and then the progression in retirement YOS and age. Thus, officers would receive retirement pay with no waiting period at age 55, and the enlisted Soldiers could pick up their first check with no wait at age 54.

Retirement Age (yrs.)	YOS (yrs.)	Retired Pay	OFF (yrs.)	Wait (yrs.)	Difference in wait time	ENL (yrs.)	Wait (yrs.)	Difference in wait time
Current	4		* 29			* 26		
60	20	50.00%	45	15	0	42	18	0
59	22	55.00%	47	12	3	44	15	3
58	24	60.00%	49	9	6	46	12	6
57	26	65.00%	51	6	9	48	9	9
56	28	70.00%	53	3	12	50	6	12
55	30	75.00%	** 55	0	15	52	3	15
54	32	75.00%	57			** 54	0	18
53	34	75.00%	59			56		

\* current average age of personnel with 4 YOS  
\*\*current average retirement age for OFF and ENL

Table 19. Wait time difference for retirement pay.

To develop the cost equation, this thesis uses the information in the above table.

The costs per year to fund Reduce Retirement Age incentive is estimated as:

$$\text{Cost} = \sum_{year, rank, YOS} (\text{Elig}_{year, rank, YOS}) \times (\text{Pay}_{year, rank, YOS}) \times \text{Inflat}^{(year-FY08)} \times (RP\%) \times (60 - RPAge)$$

Indices: Meaning

*year* Fiscal Years 2010 through 2015  
*rank* Pay grade or military rank  
*YOS* Years of service

<u>Variables:</u>	<u>Meaning, basis and (unit of value)</u>
$Elig_{year,rank,YOS}$	End strength eligible for retention incentive by <i>year</i> , <i>rank</i> and <i>YOS</i> . (#)
$Pay_{year,rank}$	2008 Military Pay Scale (\$)
$Inflate^{(year - FY08)}$	The annual inflation rate of .033. FY08 is the base year, so, for instance, (FY14 - FY 08) = 6. (#)
$RP\%$	Base pay % receiving for retirement pay based on 2.5% per YOS. (#)
$(60 - RPAge)$	Age 60 minus the projected age that retirement pay starts. (#)

## 7. One Year of Graduate School

According to [www.wesleyan.edu/crc/pathways/grad/costs](http://www.wesleyan.edu/crc/pathways/grad/costs), graduate schools can cost anywhere from \$5,000-\$40,000 per year. Unless an individual has deep pockets, they must rely on financial aid or loans to account for these costs. Many students may take on a job while in graduate school, but even part-time employment may be difficult and exhausting with the demanding study schedules one may encounter.

In order to cost estimate one year of graduate school as an incentive, this study used the incentive model for the current Regular Army Expanded Graduate School Program (EGSP). For simplicity, one year or 12 months of graduate school will be used, but many times 18 months to two years may be necessary for completion of graduate level education.

This thesis will assume all schools on EGSP list (Appendix B) offers in-state or resident tuition costs to military students. The EGSP program targets mid-cost

schools, which according to the Army study, costs an average of \$13,001 and \$20,000 per year, or \$16,500. This number is well below the annual average of the \$5,000-\$40,000 range (\$22,500), but cost of living and active duty pay for one year will also be included in the computation for this thesis.

The total amount accounts for each person's tuition, fees and cost of living for one year. The annual increase of tuition and fees will be consistent with the 1.033 inflation rate used for pay increases throughout this study.

Eligibility for this program will be consistent with previous eligibility criteria used throughout this study. This incentive is offered to all ranks; unlike the EGSP, which is only offered to officers. The only requirement is a minimum education level of baccalaureate or equivalent and no possession of a degree higher than a master's. Additionally, this study will assume that possession of master's degrees was not fully funded by the Army.

The costs per year to fund One Year of Graduate School incentive is estimated as:

$$\text{Cost} = \sum_{\text{Educ.} = \text{Baccalaureate}} (\text{Elig}_{\text{Educ.}}) \times [(\text{AvgGradCost}) + (\text{Pay}_{\text{year, rank, YOS}}) + (\text{AvgBAH}_{\text{year, rank, dep}})] \times (\text{Inflate}^{(\text{year} - \text{FY08})})$$

<u>Indices:</u>	<u>Meaning</u>
<i>year</i>	Fiscal Years 2010 through 2015
<i>rank</i>	Pay grade or military rank
<i>YOS</i>	Years of service
<i>Educ.</i>	Education level indexed over Baccalaureate through Masters only.
<i>dep</i>	Dependent status, with or without.

Variables: Meaning, basis and (unit of value)

$Elig_{Educ.}$	End strength eligible for retention incentive by <i>year</i> , <i>rank</i> and <i>YOS</i> . (#)
$AvgGradCost$	Average annual cost for graduate school as of 2008 (\$)
$Pay_{year,rank}$	2008 Military Pay Scale (\$)
$AvgGradCost$	Average annual cost for graduate school as of 2008 (\$)
$Inflate^{(year - FY08)}$	The annual inflation rate of .033. FY08 is the base year, so, for instance, (FY14 - FY 08) = 6. (#)

## IV. CONCLUSION AND FUTURE WORK

### A. CONCLUSION

This thesis examined potential retention incentives, both monetary and non-monetary, for first-term enlisted Soldiers and officers in the United States Army Reserve. The examination systematically determined the most plausible incentives extracted from two concurrent studies by TRAC-LEE as well as data from DMDC. Data consisted of 20,000 surveys and over 200 Soldiers interviews from the ARARA study, information about educational assistance incentives from the AR EA study, and over 12 data reports from DMDC, which were used to underpin the analysis. An elimination process was used to narrow the scope of study to the most appealing based on ARARA respondents' ordered rankings, clearly defined criteria, and Army Reserve features. There was no system yet in place to assess the effectiveness of the incentives in this study.

A detailed description along with a cost estimate of each incentive was derived consistent with realistic limitations and assumptions to include applied budget constraints and career duration patterns of the Army Reserve. The result was a cost estimate for each of the seven retention incentives that may be useful when allocating a limited budget for retention. The results are summarized in the following table in ascending order of average annual cost. All costs are Then-Year millions of dollars (TY\$M).

INCENTIVE	ESTIMATED COSTS (TY\$M)						Annual Average
	FY10	FY11	FY12	FY13	FY14	FY15	
Second term Student Loan Repayment Program	12.71	13.13	13.56	14.01	14.47	14.95	13.81
Thrift Savings Plan with matching funds	3.37	8.41	14.21	21.26	27.33	33.41	18.00
TRICARE healthcare coverage upgrade, similar to active duty rate	10.72	22.15	34.32	47.33	61.16	75.86	41.92
One year of graduate school of choice	45.24	46.74	48.28	49.87	51.52	53.22	49.14
Transferability of Montgomery GI Bill education entitlement to a spouse	163.56	163.56	163.56	164.37	164.37	164.37	163.96
Lump sum bonuses for retention of second-term of service	222.49	254.08	249.96	246.80	151.96	116.05	206.89
Reduce the 60 year old retirement age by one year for every two years served past 20	251.34	259.63	268.20	278.41	287.60	297.09	273.71

Table 20. Incentive Cost Estimates (TY\$M) .

## B. FUTURE WORK

There was no system in place to assess the effectiveness of the incentives in this study. The next step to further enhance this study is relative effectiveness or return-on-investment study in order for the OCAR to prioritize the incentives.

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## APPENDIX A: ARARA SURVEY

# US Army Reserve Accessions and Retention Analysis (ARARA) Survey for Active Army Soldiers

**This survey is sponsored by the Chief of the Army Reserve. The purpose is to determine the monetary and non-monetary incentives that will encourage you to join/stay in the Active Component, Army Reserve, or National Guard. Your perspective is important. The survey should take you 15-20 minutes to complete. Your participation is greatly appreciated.**

Providing information to this survey is voluntary. There is no penalty if you choose not to respond. However, maximum participation is encouraged so that data will be complete and representative. Your survey responses will be treated as confidential. Your response will not be presented in any way to identify you individually. All responses will be entered into a database and presented as group results.

**Please place an “x” between the brackets (e.g. [x]) to indicate your response.**

Are you familiar with the Army's move to a rotational force concept known as Army Force Generation (ARFORGEN) ?

- Yes
- No

The rotational force concept (ARFORGEN) is a structured progression of increased unit readiness over time, resulting in recurring periods of availability of trained, ready, and cohesive units prepared for operational deployment in support of regional combatant commander requirements. More information about ARFORGEN is available at the following link: <http://www.army.mil/aps/07/addendum/h.html>.

Are you a junior officer (2LT - CPT) or first term Enlisted (still serving in your first enlistment) ?

- Yes
- No

What is your current status? Are you?

- Active Army
- Army Reserve
- Army National Guard
- Individual Ready Reserve (IRR)
- Retired from Army (Active, Reserve, or Guard)
- Other (Please Specify):

1. Which ONE of the following describes your current active duty Army career intentions?

- PROBABLY stay in until retirement.
- DEFINITELY stay in until retirement.
- PROBABLY stay in beyond my present obligation, but not necessarily to
  - retirement.
- DEFINITELY stay in beyond my present obligation, but not necessarily to
  - retirement.
- PROBABLY leave upon completion of my present obligation.
- DEFINITELY leave upon completion of my present obligation.

2. How many years of Active Military Service (AFMS) service have you completed?

- < 1 year
- 1-2 years
- 3-4 years
- 5-6 years
- 7-8 years
- 9-10 years
- 11-12 years
- 13-14 years
- 15-16 years
- 17-18 years
- 19-20 years
- More than 20 years

3. How many years do you have left in your current obligation?

- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- Indefinite

4. When you first entered the Army, what were your Army career plans?

- I was undecided about my Army career plans.
- Complete my initial term/obligation then leave.
- Stay more than one term/obligation, but not stay until eligible for retirement.
- Stay until eligible for retirement (or beyond).

5. Did you receive a cash bonus to join the Army?

- Yes
- No

6. Would you have joined the Army if you had NOT received a bonus?

- Yes
- No
- I did not receive a bonus

7. Would you reenlist/extend your obligation if you are/were NOT offered a bonus or other incentives?

- Yes
- No

8. What is your rank?

- PV2
- PV1
- PFC
- SPC/CPL
- SGT
- 2LT
- 1LT
- CPT

**If you are NOT an officer, please skip to question 12.**

8b. What is your source of commission?

- OCS
- ROTC
- USMA
- Direct Appointment
- Other (Please Specify):

9. Did you receive an ROTC scholarship?

- Yes
- No

10. Did you get one of your top 3 branch choices?

- Yes

[ ] No

11. Did you receive the component (Active Army) that you requested?

[ ] Yes

[ ] No

12. Have you been deployed since 11 September 2001?

[ ] Yes

[ ] No

**If you have NOT been deployed since 11 September 2001, please skip to question 15.**

12b. Since 11 September 2001, were you deployed to any of the following? (Do not include accompanied PCS moves.)

MARK ALL THAT APPLY.

[ ] Yes, to Afghanistan

[ ] Yes, to Kuwait

[ ] Yes, to Iraq

[ ] Yes, to elsewhere in Asia

[ ] Yes, to Europe

[ ] Yes, to Korea

[ ] Yes, to another OCONUS site

[ ] Yes, to a CONUS site

13. Since 11 September 2001, how many times have you been deployed?

[ ] 1

[ ] 2

[ ] 3

[ ] 4

[ ] 5

[ ] 6

[ ] 7

[ ] 8

[ ] More than 8

14. Since 11 September 2001, how many total MONTHS have you been deployed?

[ ] 1-4 months

[ ] 5-8 months

[ ] 9-12 months

[ ] 13-16 months

[ ] 17-20 months

[ ] 21-24 months

- 25-28 months
- 29-32 months
- 33-36 months
- 37-40 months
- 41-44 months
- 45-48 months
- 49-52 months
- 53-56 months
- 57-60 months
- 61-64 months
- 65-68 months
- 69-72 months

15. In your opinion, how many months after a **6 month** UNACCOMPANIED deployment tour should Soldiers be allowed to remain in garrison?

- 6 months
- 12 months
- 18 months
- 24 months
- More than 24 months

16. In your opinion, how many months after a **9 month** UNACCOMPANIED deployment tour should Soldiers be allowed to remain in garrison?

- 6 months
- 12 months
- 18 months
- 24 months
- More than 24 months

17. In your opinion, how many months after a **12 month** UNACCOMPANIED deployment tour should Soldiers be allowed to remain in garrison?

- 6 months
- 12 months
- 18 months
- 24 months
- More than 24 months

18. Have your career plans changed as a result of recent deployments to Iraq and Afghanistan, or other Army operations?

Yes, I am now thinking about staying in the Army longer than I had planned.

[ ] Yes, I am now thinking about leaving the Army sooner than I had planned.

[ ] No, my plans have not changed.

19. Would your career plans change if you knew for certain that you would have one 12-month deployment away from home once every 3 years?

[ ] Does not apply; I am not likely to be needed for such deployments.

[ ] Yes, I probably would stay in the Army longer than I had planned.

[ ] Yes, I probably would leave the Army sooner than I had planned.

[ ] No, my plans would not change.

20. When you leave the active duty Army, you most likely will ...

[ ] join an Army Reserve Unit.

[ ] join the Individual Ready Reserve.

[ ] join an Army National Guard Unit.

[ ] join/stay in the Active Guard/Reserve (AGR) program.

[ ] join another service (Air Force, Marines, Navy).

[ ] receive a discharge.

21. If a position for your current MOS/AOC is not available in the Reserves, would you be willing to retrain in a different MOS/AOC to join a unit?

[ ] Yes

[ ] No

[ ] Not applicable, I do not intend to join the Reserves.

22. What is your current marital status?

[ ] Married for the first time.

[ ] Remarried, was divorced or widowed.

[ ] Legally separated or filing for divorce.

[ ] Divorced.

[ ] Single and never married.

[ ] Widowed.

23. How many dependents do you have? (Note: Dependents include spouse and dependent children. Dependent children are UNMARRIED children, including adopted children or stepchildren, who: are not yet 21 years old; OR attend college and are not yet 23 years old; OR are of any age and

have mental or physical handicap AND WHO are legally dependent on you for half of their support.)

- 0
- 1
- 2
- 3
- 4
- 5
- More than 5

24. How supportive is your spouse/girlfriend/boyfriend of you making a career in the Army?

- Very supportive
- Fairly supportive
- Mixed or neutral
- Fairly unsupportive
- Very unsupportive

Does not apply; I do not have a spouse/girlfriend/boyfriend

25. Please rank order the top THREE INCENTIVES (enter 1, 2, or 3 between the brackets) that would increase your willingness to join the Army Reserve until you are eligible for retirement?

- More training.
- Better professional development.
- Opportunity to change my MOS/AOC.
- More support for families.
- eDrilling (Drill at a local National Guard/Reserve Center over the network).
- Transfer your Montgomery GI Bill (MGIB) entitlement to a dependent.
- Increased availability of child care services.
- Increased basic pay.
- Increased special pay.
- Lump sum re-enlistment bonuses.
- Being given 4 or more years advance notice of eligibility to deploy.
- Transfer of my tuition assistance benefits to my family.
- More time with my family.
- Better promotion opportunities.
- Opportunity to move back and forth between Active and Reserve components.
- Higher quality of NCO leadership.
- Higher quality of officer leadership.

[ ] Better access to healthcare (proximity to healthcare, availability of healthcare) for my family and me.

[ ] Full Student Loan Repayment.

[ ] TRICARE coverage for the Soldier and his family at only 28 percent of premium cost while in a Troop Program Unit Status and TRICARE full coverage while in a mobilized status.

[ ] Being assigned to a unit closer to home.

[ ] Monetary support to offset some child care costs during training and deployments.

[ ] Reduce age 60 retirement age by one year for every two years served in the

Reserve Component past 20.

[ ] Double retirement points for time served in the combat zone.

[ ] Army supplement to cover your civilian health care insurance.

[ ] 1 year of graduate school in school and degree of my choice.

[ ] Other (please Specify) :

26. Are you male or female?

[ ] Male

[ ] Female

27. Are you of Hispanic, Latino, or Spanish origin or ancestry (of any race)? MARK ALL THAT APPLY.

[ ] No, not of Hispanic, Latino, or Spanish ancestry.

[ ] Yes, Mexican, Mexican American, Chicano.

[ ] Yes, Puerto Rican.

[ ] Yes, Cuban.

[ ] Yes, other Hispanic/Spanish.

28. What is your race? MARK ALL THAT APPLY.

[ ] American Indian or Alaska Native (e.g. Eskimo, Aleut).

[ ] Asian (e.g. Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese).

[ ] Black or African American.

[ ] Native Hawaiian or other Pacific Islander (e.g. Samoan, Guamanian, Chamorro).

[ ] White.

29. What is your age?

- Under 20
- 20-24 years old
- 25-29 years old
- 30- 34 years old
- 35-39 years old
- 40-44 years old
- 45-49 years old
- 50 or over

30. What is the highest level of education you have completed? MARK ONE.

- Some high school or less, but no diploma, certificate, or GED.
- High school diploma or GED.
- From 1 to 2 years of college, but no degree.
- Associate degree.
- From 3 to 4 years of college, but no degree.
- Bachelor's degree.
- A year or more of graduate credit, but no graduate degree.
- Master's Degree.
- Doctorate degree.
- Professional degree, such as MD, DDS, or JD.

31. What is your Military Occupational Specialty (MOS) or your primary Area of Concentration (AOC) (e.g., 11B, 92A)?

32. Are you currently working on your primary MOS/AOC?

- Yes
- No

Do you have any additional comments that you wish to share with the study team?

**Thank you for completing the survey and for your service to the nation.**

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## APPENDIX B: REGULAR ARMY OFFICER INCENTIVES PROGRAM

MILPER MESSAGE NUMBER : 07-237  
AHRC-OPL-R

### IMPLEMENTATION OF THE ARMY OFFICER MENU OF INCENTIVES PROGRAM (REGULAR ARMY)

...Issued: [09/11/2007]...

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SUBJECT: THIS MESSAGE ANNOUNCES THE IMPLEMENTATION OF THE FY07/08 OFFICER MENU OF INCENTIVES PROGRAM. THE EFFECTIVE DATE FOR THIS PROGRAM IS **13 SEPTEMBER 2007**.

1. THE MENU OF INCENTIVES IS A TEMPORARY PROGRAM DESIGNED TO INCREASE RETENTION AMONG OFFICERS WITH SPECIFIC SKILLS AND EXPERIENCES. ELIGIBLE OFFICERS MAY SELECT **ONE** OPTION FROM THE MENU OF INCENTIVES. ELIGIBILITY IS SUBJECT TO CHANGE BASED ON ARMY REQUIREMENTS, BUDGET LIMITATIONS, AND OTHER FACTORS. ELIGIBILITY CRITERIA IS OUTLINED IN PARAGRAPHS 3-10. OFFICERS WHO ELECT TO PARTICIPATE IN THIS PROGRAM WILL INCUR AN ADDITIONAL ACTIVE DUTY SERVICE OBLIGATION (ADSO).
2. **FIVE INCENTIVE OPTIONS** ARE AVAILABLE TO OFFICERS WHO MEET THE ELIGIBILITY CRITERIA:
  - A. CRITICAL SKILLS RETENTION BONUS (CSRB)
  - B. GRADUATE SCHOOL
  - C. MILITARY SCHOOL
  - D. BRANCH/FUNCTIONAL AREA OF CHOICE
  - E. POST OF CHOICE
3. OFFICERS REQUESTING AN OPTION FROM THE MENU OF INCENTIVES MUST: MEET ARMY HEIGHT AND WEIGHT STANDARDS IAW AR 600-9; MUST NOT BE PENDING ANY ADVERSE ACTION; HAVE NOT BEEN FOUND GUILTY OF A PREVIOUS UNIFORMED CODE OF MILITARY JUSTICE (UCMJ) VIOLATION; THEY MUST MEET ELIGIBILITY CRITERIA FOR THE OPTION SELECTED AS OUTLINED IN PARAGRAPHS 10A-E BELOW. OFFICERS WITH QUESTIONS PERTAINING TO ELIGIBILITY REQUIREMENTS ADDRESSED IN THIS MESSAGE SHOULD CONTACT THEIR CAREER MANAGER, OR VISIT THE RETENTION WEBSITE: <https://www.hrc.army.mil/site/protect/Active/opfamdd/Retention/LDD12.htm>
4. **ELIGIBILITY.** THE FULL MENU OF INCENTIVES IS AVAILABLE TO REGULAR ARMY CAPTAINS INITIALLY ACCESSED ON ACTIVE DUTY IN THE FOLLOWING BASIC BRANCHES: AIR DEFENSE, ADJUTANT GENERAL, ARMOR, AVIATION, CHEMICAL, ENGINEER, FIELD ARTILLERY, FINANCE, INFANTRY, MILITARY INTELLIGENCE, MILITARY POLICE, ORDNANCE, QUARTERMASTER, SIGNAL, AND TRANSPORTATION WITH A DATE OF RANK (TO CAPTAIN) OF 1 APRIL 2002 THROUGH 1 NOVEMBER 2007 WHO HAVE NOT BEEN CONSIDERED FOR PROMOTION TO MAJOR IN THE PRIMARY ZONE, OR HAVE NOT BEEN SELECTED FOR BELOW-THE-ZONE PROMOTION TO MAJOR. OFFICERS WHO HAVE BEEN CONSIDERED IN THE PRIMARY ZONE FOR PROMOTION TO MAJOR BUT WERE NOT SELECTED ARE NOT ELIGIBLE. YG04 ARMY COMPETITIVE CATEGORY OFFICERS IN THE GRADE OF 1LT (P) MAY APPLY FOR AN OPTION UPON PROMOTION TO CAPTAIN. OFFICERS APPROVED TO RECEIVE ONE OF THE INCENTIVE OPTIONS

ACCEPT AN ADDITIONAL ADSO THAT WILL START UPON COMPLETION OF THEIR CURRENT ADSO OR THE DATE THEIR CONTRACT IS APPROVED BY THE RETENTION BRANCH CHIEF, WHICHEVER IS LATER.

5. ARMY NURSE (AN) AND SELECT MEDICAL SERVICE (MS) CORPS REGULAR ARMY CAPTAINS IN MEDICAL FUNCTIONAL AREAS (MFA) 70, HEALTH SERVICES, AND MFA 73A, BEHAVIORAL SCIENCES WITH A DATE OF RANK OF **2 APRIL 2002 THROUGH 1 NOVEMBER 2007** WHO HAVE NOT BEEN CONSIDERED FOR PROMOTION TO MAJOR IN THE PRIMARY ZONE, OR HAVE NOT BEEN SELECTED FOR BELOW-THE-ZONE PROMOTION TO MAJOR ARE ONLY ELIGIBLE FOR THE CSRB. AN AND MS CAPTAINS ARE NOT ELIGIBLE FOR ANY OTHER OPTIONS FROM THE MENU OF INCENTIVES. AN AND MS OFFICERS MAY NOT RECEIVE THE CSRB IF THEY ARE ELIGIBLE FOR RN INCENTIVE SPECIAL PAY. CAPTAINS IN MFA 73B (CLINICAL PSYCHOLOGISTS) WHO ARE ELIGIBLE FOR A PREVIOUSLY APPROVED CSRB ARE NOT ELIGIBLE FOR THE CSRB ANNOUNCED IN THIS MESSAGE. AN AND MS OFFICERS APPROVED TO RECEIVE THE CSRB ACCEPT AN ADDITIONAL ADSO OF THREE YEARS THAT WILL START UPON COMPLETION OF THEIR CURRENT ADSO OR DATE THE CONTRACT IS APPROVED BY RETENTION BRANCH, WHICHEVER IS LATER. PAYMENT OF THE LUMP SUM WILL OCCUR WITHIN 90 DAYS OF THE CONTRACT APPROVAL DATE. AN AND MS OFFICERS CURRENTLY ATTENDING OR ACCEPTED TO LONG TERM HEALTH EDUCATION AND TRAINING (LTET) ARE ELIGIBLE FOR THE CSRB, HOWEVER THEY WILL INcur AN ADDITIONAL ADSO THAT BEGINS UPON COMPLETION OF THEIR LTET ADSO.

6. OFFICERS, REGARDLESS OF ACCESSION BRANCH OR CONTROL BRANCH WHO HAVE BEEN SELECTED FOR ENTRY-LEVEL ARMY MEDICAL SPECIALIST CORPS (SP) TRAINING PROGRAMS (INTERSERVICE PHYSICIAN ASSISTANT PROGRAM, PHYSICAL THERAPY – BAYLOR, DIETETIC MASTERS, OR OCCUPATIONAL TRAINING PROGRAMS) MAY ONLY SELECT AN OPTION FROM THE MENU OF THE INCENTIVES IF THEY SURRENDER THE SP TRAINING OPPORTUNITY. SUBMISSION OF A CONTRACT FOR AN OPTION OFFERED ON THE MENU OF INCENTIVES IS CONSIDERED WRITTEN AUTHORIZATION TO WITHDRAW THE OFFICER FROM THE RESPECTIVE SP TRAINING PROGRAM. OFFICERS PRE-SELECTED FOR AN SP ENTRY-LEVEL TRAINING PROGRAM WILL FORFEIT THEIR OPPORTUNITY IF THEY OPT FOR AN INCENTIVE OFFERED IN THIS PROGRAM.

7. OFFICERS OTHERWISE ELIGIBLE UNDER PARAGRAPH 4. ABOVE WHO SUBMITTED REQUESTS FOR SEPARATION FROM SERVICE, BUT WHOSE REQUESTS ARE NOT YET APPROVED, WILL AGAIN BE ELIGIBLE TO RECEIVE THESE INCENTIVES ONCE THEY HAVE INITIATED ACTION, IAW AR 600-8-24, OFFICER TRANSFERS AND DISCHARGES, TO RESCIND THE REQUEST AND REMAIN ON ACTIVE DUTY.

8. WARRANT OFFICERS ARE NOT ELIGIBLE FOR THIS PROGRAM. ARMY RESERVE /NATIONAL GUARD OFFICERS, INCLUDING AGR, ARE NOT ELIGIBLE FOR THIS PROGRAM.

9. OFFICERS CURRENTLY ASSIGNED TO OR CONTROLLED BY THE JUDGE ADVOCATE GENERAL'S CORPS ARE NOT ELIGIBLE TO PARTICIPATE IN THIS PROGRAM. THIS INCLUDES OFFICERS WHO WERE ORIGINALLY COMMISSIONED IN THE ABOVE BASIC BRANCHES BUT HAVE SINCE SIGNED A CONTRACT TO BE ENROLLED IN THE FUNDED LEGAL EDUCATION PROGRAM UNDER THE PROVISIONS OF 10 USC 2004 AND AR 27-1, CHAPTER 14.

10. OFFICERS CURRENTLY IN ATTENDANCE AT A COLLEGE/UNIVERSITY IN AN ARMY EXPANDED GRADUATE SCHOOL PROGRAM (EGSP) SLOT ARE NOT ELIGIBLE FOR THIS PROGRAM. OFFICERS WHO HAVE BEEN PRE-SELECTED FOR EGSP FOR FY08 OR

LATER DESIRING TO VOLUNTARILY WITHDRAW IN ORDER TO PARTICIPATE IN THIS PROGRAM MUST INFORM THEIR ASSIGNMENT MANAGER OF THEIR INTENT TO WITHDRAW FROM EGSP PRIOR TO SUBMITTING A CONTRACT. OFFICERS WHO HAVE BEEN PRE-SELECTED FOR EGSP MAY ONLY SELECT AN OPTION FROM THE MENU OF INCENTIVES IF THEY SURRENDER THEIR EGSP QUOTA. OFFICERS ELECTING TO SURRENDER THEIR EGSP SLOT WILL NOT BE PERMITTED TO PARTICIPATE IN THE EGSP PROGRAM IN THE FUTURE. EGSP ASSIGNMENT CONSIDERATION WILL BE REMOVED FROM THEIR RECORD AND THEY WILL NO LONGER BE ELIGIBLE TO PARTICIPATE IN THE EGSP PROGRAM. SUBMISSION OF A CONTRACT FOR AN OPTION OFFERED ON THE MENU OF INCENTIVES IS CONSIDERED WRITTEN AUTHORIZATION TO WITHDRAW THE OFFICER FROM THE EGSP PROGRAM. OFFICERS CURRENTLY ENROLLED IN ADVANCED CIVIL SCHOOLING (ACS) FOR DEVELOPMENT PURPOSES ARE ELIGIBLE TO SELECT AN OPTION FROM THE RETENTION MENU OF INCENTIVES, HOWEVER THEY WILL INCUR AN ADSO THAT BEGINS UPON COMPLETION OF THEIR ACS ADSO.

**11. CONTRACTUAL AGREEMENT:** RECEIPT OF A SIGNED CONTRACT BY THE HUMAN RESOURCES COMMAND OFFICER RETENTION BRANCH BY AN ELIGIBLE OFFICER CONSTITUTES A BINDING AGREEMENT. THE CONTRACT CAN BE DOWNLOADED FROM THE RETENTION WEBSITE:

<https://www.hrc.army.mil/site/protect/Active/opfamdd/Retention/LDD12.htm> ELIGIBILITY AND EXECUTION FOR THE FY07/08 MENU OF INCENTIVE OPTIONS ARE OUTLINED BELOW:

**A. CRITICAL SKILLS RETENTION BONUS (CSRB) – ALL ELIGIBLE OFFICERS AS OUTLINED ABOVE MAY SELECT THE CSRB AS A RETENTION INCENTIVE IN RETURN FOR A THREE YEAR ADSO. THE ADSO STARTS UPON COMPLETION OF THEIR CURRENT ADSO, OR THE DATE THE OFFICER'S REQUEST IS APPROVED BY RETENTION BRANCH, WHICHEVER IS LATER. HRC OFFICER RETENTION BRANCH WILL CONFIRM OFFICER QUALIFICATION AND ELIGIBILITY. PAYMENT OF A LUMP SUM WILL OCCUR WITHIN 90 DAYS OF THE CONTRACT APPROVAL DATE. BONUSES ARE SUBJECT TO STATE AND FEDERAL TAXES, WHICH WILL VARY DEPENDENT UPON THE INDIVIDUAL OFFICER'S TAX STATUS WITH AN EFFECTIVE DATE OF THE DATE THE CONTRACT WAS APPROVED BY THE HRC RETENTION BRANCH.**

**(1) CSRB ELIGIBILITY - ALL OFFICERS ELIGIBLE AS OUTLINED ABOVE MAY SELECT THE CSRB AS AN INCENTIVE AS OUTLINED BELOW:**

**a. TIER 1 INCENTIVE - CAPTAINS INITIALLY ACCESSED ON ACTIVE DUTY IN THE FOLLOWING BRANCHES QUALIFY FOR A \$25,000 INCENTIVE: AIR DEFENSE, ARMY NURSE, ENGINEER, FINANCE, QUARTERMASTER, SIGNAL CORPS, AND SELECT MEDICAL SERVICES OFFICERS WITHIN THE FOLLOWING FUNCTIONAL AREAS/SPECIALTIES:**

70A HEALTH CARE ADMINISTRATION  
70B HEALTH SERVICES OFFICER  
70C HEALTH SERVICES COMPTROLLER  
70D HEALTH SERVICES SYSTEM MANAGEMENT  
70E PATIENT ADMINISTRATION  
70F HEALTH SERVICES HUMAN RESOURCES  
70H HEALTH SERVICES PLANS, OPERATIONS, INTELLIGENCE, SECURITY AND TRAINING  
70K HEALTH SERVICES MATERIEL  
67J AEROMEDICAL EVACUATION  
73A SOCIAL WORK

**b. TIER 2 INCENTIVE - CAPTAINS INITIALLY ACCESSED ON ACTIVE DUTY IN THE**

FOLLOWING BRANCHES: **ADJUTANT GENERAL, ARMOR, CHEMICAL, MILITARY POLICE, ORDNANCE** QUALIFY FOR A \$30,000 INCENTIVE.

c. **TIER 3 INCENTIVE** - CAPTAINS INITIALLY ACCESSED ON ACTIVE DUTY IN THE FOLLOWING BRANCHES: **AVIATION, FIELD ARTILLERY, INFANTRY, MILITARY INTELLIGENCE, TRANSPORTATION** QUALIFY FOR A \$35,000 INCENTIVE.

**(2) CSRB EXECUTION** - OFFICERS SELECTING THE CSRB MUST SUBMIT THE 2007/2008 ARMY OFFICER MENU OF INCENTIVES PROGRAM CONTRACT REQUESTING CSRB WITH AN ENDORSEMENT BY THE FIRST LIEUTENANT COLONEL (OR HIGHER) IN THE OFFICER'S CHAIN OF COMMAND TO THE HRC OFFICER RETENTION BRANCH **NLT 14 DECEMBER 2007**. OFFICERS MAY APPLY FOR AND RECEIVE PAYMENT OF THE APPLICABLE INCENTIVE PRIOR TO COMPLETION OF THEIR INITIAL ADSO. UPON RECEIPT OF PAYMENT, OFFICER IS OBLIGATED FOR AN ADDITIONAL, **NON-CONCURRENT THREE-YEAR ADSO**, BEGINNING AT THE COMPLETION OF THEIR CURRENT ADSO, OR EFFECTIVE DATE OF THE CONTRACT APPROVAL IF THE OFFICER DOES NOT CURRENTLY HAVE AN ADSO. OFFICERS OBLIGATED UNDER A CSRB CONTRACT WILL NOT BE APPROVED FOR SEPARATION OR RETIREMENT WITHOUT THE APPROVAL OF THE HQDA DEPUTY CHIEF OF STAFF, G-1. OFFICERS QUALIFYING AND ELECTING THE CSRB OPTION MUST:

**SUBMIT THEIR CONTRACT DIRECTLY TO: ARMY HUMAN RESOURCES COMMAND OFFICER RETENTION BRANCH, OPMD-OPL-R, ATTN: RETENTION BRANCH, 200 STOVALL STREET, ALEXANDRIA, VA 22315. CONTRACTS MAY ALSO BE SENT BY ELECTRONIC MEANS TO – [opmdretention@conus.army.mil](mailto:opmdretention@conus.army.mil) OR BY FAX (703) 325-8835.** OFFICER RETENTION BRANCH WILL FORWARD THE APPROVED CSRB CONTRACT TO THE INCENTIVES MANAGEMENT BRANCH WITHIN HRC FOR TRANSACTION WITH DFAS TO ENABLE DISBURSEMENT. PAYMENT OF THE LUMP SUM WILL OCCUR WITHIN 90 DAYS OF THE CONTRACT APPROVAL DATE.

a. FAILURE TO FULFILL THE SERVICE OBLIGATION INCURRED UNDER THE AGREEMENT FOR ANY OF THE REASONS LISTED IN PARA b. BELOW WILL RESULT IN A PRORATED RECOUPMENT OF THE INCENTIVE AMOUNT THAT WILL BE CALCULATED IN ACCORDANCE WITH PARA c. BELOW.

b. SEPARATION OR RETIREMENT FROM ACTIVE DUTY FOR ANY REASON OTHER THAN BY DEATH, INJURY, ILLNESS, OR OTHER IMPAIRMENT NOT THE RESULT OF MISCONDUCT WILL RESULT IN RECOUPMENT. HQDA G1 IS THE APPROVAL AUTHORITY FOR SEPARATION REQUESTS SUBMITTED BY OFFICERS WHO HAVE RECEIVED AN INCENTIVE FROM THE MENU OF INCENTIVES.

c. THE AMOUNT TO BE RECOUPED OR REIMBURSED SHALL BE COMPUTED, AS FOLLOWS: \$25,000, \$30,000 OR \$35,000 (INCENTIVE ENTITLEMENT) DIVIDED BY 1080 DAYS (360-DAY YEAR TIMES 3-YEAR OBLIGATION) TO DETERMINE DAILY RATE. THE DAILY RATE IS MULTIPLIED BY THE NUMBER OF DAYS SERVED AND THEN SUBTRACTED FROM THE ENTITLED INCENTIVE AMOUNT TO DETERMINE THE RECOUPED OR REIMBURSED AMOUNT.

d. **EFFECTIVE 13 SEPTEMBER 2007** QUALIFIED OFFICERS INDICATED IN PARAGRAPH 4 & 5 ABOVE THAT SELECT THE CSRB OPTION WILL BE PAID A LUMP SUM AMOUNT FOR A 3 YEAR ADSO. THE INCENTIVE IS TAXABLE IAW STATE AND FEDERAL TAX LAWS AND IS DEPENDENT UPON THE OFFICER'S TAX STATUS AS DETERMINED BY DFAS.

**B. GRADUATE SCHOOL – THE GRADUATE SCHOOL RETENTION INCENTIVE WILL BE EXECUTED UNER THE EXPANDED GRADUATE SCHOOL PROGRAM (EGSP). DUE TO LIMITED AVAILABILITY, PRIORITY FOR GRADUATE SCHOOL SLOTS WILL BE GIVEN TO**

**CAPTAINS WITH A DATE OF RANK BETWEEN 1 JAN 2006 AND 1 NOV 2007 (YG03/04)**  
HOWEVER, ALL ELIGIBLE CAPTAINS MAY SELECT GRADUATE SCHOOL AS AN INCENTIVE OPTION, AND MUST ALSO MEET ELIGIBILITY REQUIREMENTS AS INDICATED IN PARAGRAPH (1) a - i BELOW. OFFICERS REQUESTING GRADUATE SCHOOL AS AN OPTION MUST SUBMIT THE 2007/2008 ARMY OFFICER MENU OF INCENTIVES PROGRAM CONTRACT REQUESTING GRADUATE SCHOOL WITH AN ENDORSEMENT BY THE FIRST LIEUTENANT COLONEL (OR HIGHER) IN THE OFFICER'S CHAIN OF COMMAND TO THE HRC OFFICER RETENTION BRANCH NLT **19 OCTOBER 2007** TO ALLOW THE ELIGIBLE POPULATION TO BE EQUALLY CONSIDERED. NOTIFICATION OF APPROVAL FOR THE GRADUATE SCHOOL OPTION WILL BE RELEASED ON **26 OCTOBER 2007** VIA MILPER MESSAGE. UPON SUBMISSION OF THEIR CONTRACT, THE OFFICER MUST INCLUDE A COPY OF THEIR UNDERGRADUATE TRANSCRIPTS WITH AN OVERALL GPA OF 3.0 OR HIGHER. THIS MENU OF INCENTIVES OPTION PROVIDES OFFICERS THE ABILITY TO EARN A HIGH-QUALITY GRADUATE DEGREE (12-18 MONTHS) AND RETURN FOR A FOLLOW-ON UTILIZATION ASSIGNMENT IN A KEY DEVELOPMENTAL POSITION.  
OFFICERS APPROVED FOR THIS OPTION AGREE TO AN **ADSO OF THREE DAYS FOR EVERY ONE DAY SPENT IN THE PROGRAM** UPON GRADUATION OR TERMINATION FROM THE PROGRAM IAW AR 350-100.

#### **(1) GRADUATE SCHOOL ELIGIBILITY AND EXECUTION**

- a. OFFICER MUST HAVE A MINIMUM UNDERGRADUATE GRADE POINT AVERAGE OF 3.0 AND SUBMIT A COPY OF THEIR TRANSCRIPT ALONG WITH THE OFFICER RETENTION MENU OF INCENTIVES CONTRACT.
- b. OFFICERS WILL GENERALLY BEGIN GRADUATE SCHOOL ATTENDANCE BETWEEN THEIR 8TH AND 12TH YEAR OF SERVICE.
- c. OFFICERS WILL ONLY ATTEND AN ACCREDITED U.S. GRADUATE SCHOOL. OFFICERS ARE REQUIRED TO STUDY IN AN APPROVED DISCIPLINE THAT ENHANCES THE COMPETENCIES REQUIRED IN AN EXPEDITIONARY ARMY -- EMPHASIZING CULTURAL AWARENESS, REGIONAL KNOWLEDGE, FOREIGN LANGUAGE, GOVERNANCE, DIPLOMACY, NATIONAL SECURITY OR SOCIAL SCIENCES THAT REINFORCE OPERATIONAL SKILLS. A COMPLETE LISTING OF APPROVED DISCIPLINES IS AVAILABLE ON THE ACS WEB PAGE AT:  
<https://www.hrc.army.mil/site/protect/active/opfamacs/acs14.htm>

EXCEPTIONS TO THE DISCIPLINE LIST MUST BE REQUESTED IN MEMORANDUM TO CHIEF, ADVANCED CIVIL SCHOOLING (AHRC-OPL-L) PRIOR TO FINAL APPROVAL OF APPLICATION IN THE YEAR OF ATTENDANCE. THE ARMY'S CURRENT ADVANCED CIVIL SCHOOLING (ACS) PROGRAM AS OUTLINED IN AR 621-1 AND 621-108, WILL CONTINUE TO SUPPORT ARMY REQUIREMENTS WITH THE TECHNICAL DISCIPLINES REQUIRED FOR THE SPECIFIED SPECIALTY OR POSITION.

- d. OFFICERS WILL ATTEND AN ACCREDITED U.S. GRADUATE SCHOOL FROM AMONG THE LIST OF SCHOOLS THAT MEET ARMY PARAMETERS – EITHER AN ARMY SPONSORED GRADUATE SCHOOL PROGRAM OR A UNIVERSITY IN THE EGSP COST CATEGORY. EXCEPTIONS TO THE PROGRAM OR UNIVERSITY MUST BE REQUESTED BY MEMORANDUM TO CHIEF, ADVANCED CIVIL SCHOOLING (AHRC-OPL-L) PRIOR TO FINAL APPROVAL OF APPLICATION IN THE YEAR OF ATTENDANCE.
- e. OFFICERS WHO ALREADY POSSESS A MASTER'S DEGREE THAT WAS NOT FULLY FUNDED BY THE ARMY, MAY SELECT THIS OPTION AS LONG AS THE DEGREE IS NOT THE SAME AS THE PROJECTED GRADUATE DEGREE UNDER THIS PROGRAM. AR 621-1 PROHIBITS EARNING A FULLY FUNDED DEGREE IN THE SAME DISCIPLINE AT THE SAME

LEVEL. OFFICERS WHO HAVE ATTENDED A PREVIOUS ARMY FULLY FUNDED OR SCHOLARSHIP GRADUATE PROGRAM ARE NOT ELIGIBLE.

- f. OFFICER MUST HOLD A CURRENT SECRET CLEARANCE OR HIGHER.
- g. OFFICER MUST NOT BE COMPETING FOR OR BEEN SELECTED FOR ANY OTHER ARMY-SPONSORED GRADUATE PROGRAM, FELLOWSHIP, SCHOLARSHIP, OR TRAINING WITH INDUSTRY PROGRAM.
- h. OFFICERS APPROVED TO PARTICIPATE IN THE MENU OF INCENTIVES GRADUATE SCHOOL PROGRAM WILL MAINTAIN THE HIGHEST STANDARDS OF PERFORMANCE, CONDUCT AND APPEARANCE AND WILL ABIDE BY THE RULES AND REGULATIONS OF THE UNIFORM CODE OF MILITARY JUSTICE (UCMJ). ANY VIOLATION OF SUCH IS GROUNDS FOR REMOVAL FROM THE GRADUATE SCHOOL PROGRAM.

**C. MILITARY SCHOOL – (RANGER SCHOOL, DEFENSE LANGUAGE INSTITUTE (DLI)) DUE TO LIMITED AVAILABILITY, PRIORITY FOR RANGER SCHOOL AND DLI SLOTS WILL BE GIVEN TO CAPTAINS WITH A DATE OF RANK BETWEEN 1 JAN 2006 AND 1 NOV 2007 (YG03/04) HOWEVER, ALL ELIGIBLE CAPTAINS MAY SELECT A MILITARY SCHOOL OF CHOICE AS AN INCENTIVE OPTION FROM THE FOLLOWING: RANGER SCHOOL FOR ONE YEAR ADSO OR FOREIGN LANGUAGE TRAINING FOR AN ADSO IAW AR 350-100. THE ADSO FOR RANGER SCHOOL BEGINS ON THE FIRST DAY OF RANGER TRAINING. THE ADSO FOR LANGUAGE TRAINING IS THREE DAYS FOR EVERY ONE DAY IN TRAINING IAW AR 350-100.**

**(1) MILITARY SCHOOL ELIGIBILITY**

- a. OFFICERS SELECTING RANGER SCHOOL MUST MEET THE ELIGIBILITY REQUIREMENTS FOR RANGER TRAINING AND HAVE A CURRENT AIRBORNE PHYSICAL. ATTENDANCE TO RANGER SCHOOL IS RESTRICTED TO MALES.
- b. OFFICERS SELECTING LANGUAGE TRAINING AT DLI MUST MEET THE MINIMUM DEFENSE LANGUAGE APTITUDE TEST (DLAB) AS INDICATED BELOW:
  - CAT I - 95
  - CAT II - 100
  - CAT III - 105
  - CAT IV - 110

**(2) MILITARY SCHOOL EXECUTION - OFFICERS SELECTING THE MILITARY SCHOOL INCENTIVE MUST SUBMIT THE 2007 ARMY OFFICER MENU OF INCENTIVES PROGRAM CONTRACT REQUESTING MILITARY SCHOOL WITH AN ENDORSEMENT BY THE FIRST LIEUTENANT COLONEL (OR HIGHER) IN THE OFFICER'S CHAIN OF COMMAND TO THE HRC OFFICER RETENTION BRANCH NLT **14 DECEMBER 2007**. UPON APPROVAL, OPMD RETENTION BRANCH WILL NOTIFY THE OFFICER AND LOCK THEM IN FOR A SLOT IN THE REQUESTED TRAINING. SELECTION TO RANGER SCHOOL OR LANGUAGE TRAINING WILL CORRESPOND WITH A VALID REQUIREMENT. OFFICERS WILL GENERALLY ATTEND LANGUAGE TRAINING BETWEEN THEIR 6-12<sup>TH</sup> YEAR OF SERVICE, AND RANGER SCHOOL EN ROUTE TO THEIR NEXT DUTY ASSIGNMENT.**

**D. BRANCH/FUNCTIONAL AREA OF CHOICE - DUE TO LIMITED AVAILABILITY, PRIORITY FOR BRANCH/FUNCTIONAL AREA OF CHOICE WILL BE GIVEN TO CAPTAINS WITH A DATE OF RANK BETWEEN 1 JAN 2006 AND 1 NOV 2007 (YG03/04) HOWEVER, ALL ELIGIBLE CAPTAINS MAY SELECT BRANCH OR FUNCTIONAL AREA AS AN INCENTIVE OPTION IN RETURN FOR A **THREE YEAR ADSO**. THE THREE YEAR ADSO BEGINS UPON COMPLETION OF INITIAL TRAINING IN THE SELECTED BRANCH/FUNCTIONAL AREA.**

INITIAL TRAINING IS CONSIDERED EITHER THE BASIC BRANCH TRANSITION COURSE OR FUNCTIONAL AREA TRAINING COURSE.

**(1) BRANCH OF CHOICE ELIGIBILITY**

- a. **DUE TO LIMITED AVAILABILITY, PRIORITY FOR BRANCH OF CHOICE WILL BE GIVEN TO CAPTAINS WITH A DATE OF RANK BETWEEN 1 JAN 2006 AND 1 NOV 2007 (YG03/04)** HOWEVER, OFFICERS REQUESTING BRANCH OF CHOICE FOR ADSO MUST MEET CRITERIA AND BE ACCEPTED BY THE SELECTED BRANCH IN RETURN FOR A **THREE YEAR ADSO** BASED ON AVAILABILITY AND BRANCH QUALIFICATIONS. OFFICERS INTERESTED IN BRANCH TRANSFER SHOULD CONTACT THE ASSIGNMENT BRANCHES FOR ELIGIBILITY REQUIREMENTS. <https://www.hrc.army.mil/site/active/opmd/opmd.htm>
- b. MUST HAVE AT LEAST 12 MONTHS ASSIGNED TO CURRENT DUTY STATION PRIOR TO PCSING FOR TRAINING IN THE BRANCH OF CHOICE OPTION IF PCS IS REQUIRED FOR TRAINING OR FOLLOW-ON ASSIGNMENT.
- c. OFFICERS WHO HAVE FUNCTIONALLY DESIGNATED (FD) DURING THE FOUR YEAR BOARD ARE NOT ELIGIBLE FOR THIS OPTION.
- d. REQUESTS FOR BRANCH TRANSFER TO AVIATION ARE NOT AVAILABLE AS AN INCENTIVE. OFFICERS MAY REQUEST AN AVIATION BRANCH TRANSFER DURING THE ANNUAL AVIATION BRANCH TRANSFER BOARD.
- e. AVIATION OFFICERS MUST COMPLETE THEIR INITIAL ENTRY ROTARY WING (IERW) ADSO PRIOR TO REASSIGNMENT TO THEIR BRANCH OF CHOICE.

**(2) FUNCTIONAL AREA OF CHOICE ELIGIBILITY**

- a. **DUE TO ARMY REQUIREMENTS ACROSS SPECIALTIES AND BY YEAR GROUP COHORT, BRANCH AND FUNCTIONAL AREA OF CHOICE WILL BE PROCESSED IAW ARMY STRUCTURAL REQUIREMENTS AND FEASIBILITY.** PRIORITY OF FUNCTIONAL AREA WILL BE GIVEN TO CAPTAINS WITH A DATE OF RANK BETWEEN 1 JANUARY 2006 THROUGH 1 NOVEMBER 2007 (YG03/04). PRIORITY FOR FUNCTIONAL AREA OF CHOICE WILL BE TOWARD THE NEEDS OF THE GAINING FUNCTIONAL AREAS ACROSS ALL COHORT YEAR GROUPS. HOWEVER, ALL ELIGIBLE CAPTAINS MAY SELECT A FUNCTIONAL DESIGNATION OF CHOICE IN RETURN FOR A **THREE YEAR ADSO** BASED ON AVAILABILITY AND QUALIFICATIONS. AVIATION OFFICERS MUST COMPLETE THEIR INITIAL ENTRY ROTARY WING (IERW) ADSO PRIOR TO REASSIGNMENT TO THEIR BRANCH OF CHOICE. OFFICERS INTERESTED IN SELECTING A FUNCTIONAL AREA TRANSFER SHOULD CONTACT THE ASSIGNMENT BRANCHES FOR ELIGIBILITY REQUIREMENTS. <https://www.hrc.army.mil/site/active/opmd/opmd.htm>
- b. MUST HAVE AT LEAST 12 MONTHS ASSIGNED TO CURRENT DUTY STATION PRIOR TO PCSING FOR TRAINING OR ASSIGNMENT IN THE FUNCTIONAL AREA OF CHOICE OPTION IF PCS IS REQUIRED FOR TRAINING OR FOLLOW-ON ASSIGNMENT.
- c. MINIMUM CRITERIA FOR EACH FUNCTIONAL AREA IS DEFINED IN DA PAM 600 -3, WITH CURRENT UPDATES LISTED ON HRC'S FUNCTIONAL DESIGNATION HOME PAGE AT <https://www.hrc.army.mil/site/protect/active/opfamdd/cfd.htm>
- d. ONCE APPROVED, THE OFFICER WILL BE REDESIGNATED TO THE REQUESTED FUNCTIONAL AREA UPON THE ANNIVERSARY MONTH OF THEIR 6<sup>TH</sup> YEAR OF SERVICE. ALSO, THE OFFICER WILL HAVE A RESERVED SLOT (FUNCTIONAL DESIGNATION LOCK) IN THE GAINING FUNCTIONAL AREA THAT CONFIRMS THE CONTRACT AT THE SEVEN

YEAR FUNCTIONAL DESIGNATION BOARD THAT CONVENES FOR THE OFFICER'S COHORT YEAR GROUP.

e. OFFICERS THAT HAVE FUNCTIONALLY DESIGNATED (FD) DURING THE FOUR YEAR BOARD ARE NOT ELIGIBLE FOR THIS OPTION.

**(3) BRANCH/FUNCTIONAL AREA OF CHOICE EXECUTION** - OFFICERS SELECTING THE BRANCH/FUNCTIONAL AREA INCENTIVE MUST SUBMIT THE 2007/2008 ARMY OFFICER MENU OF INCENTIVES PROGRAM CONTRACT REQUESTING BRANCH/FUNCTIONAL AREA OF CHOICE WITH AN ENDORSEMENT BY THE FIRST LIEUTENANT COLONEL (OR HIGHER) IN THE OFFICER'S CHAIN OF COMMAND TO THE HRC OFFICER RETENTION BRANCH **NLT 23 NOVEMBER 2007**. UPON APPROVAL, TRANSFER TO THE SELECTED BRANCH/FUNCTIONAL AREA IS EFFECTIVE UPON THE ANNIVERSARY MONTH OF THEIR 6<sup>TH</sup> YEAR OF SERVICE. OFFICERS WILL CONTINUE TO SERVE IN THEIR BASIC BRANCH THROUGH THE DURATION OF THEIR UNIT LIFECYCLE, STOP LOSS/STOP MOVE, MANDATORY STABILIZED BILLETS BY LAW, OR RELEASE BY THEIR LOSING COMMAND.

**E. POST OF CHOICE - DUE TO LIMITED AVAILABILITY, PRIORITY FOR POST OF CHOICE WILL BE GIVEN TO CAPTAINS WITH A DATE OF RANK BETWEEN 1 JAN 2006 AND 1 NOV 2007 (YG03/04)** HOWEVER, ALL ELIGIBLE CAPTAINS MAY SELECT POST OF CHOICE AS AN INCENTIVE OPTION IN RETURN FOR A **THREE YEAR ADSO**. THE ADSO BEGINS UPON COMPLETION OF THE INITIAL ADSO OR ARRIVAL AT THE SELECTED INSTALLATION, WHICHEVER IS LATER. OFFICERS IN THE TARGETED POPULATION MUST IDENTIFY THEIR PREFERRED INSTALLATION FROM A LIST OF VALID ARMY REQUIREMENTS THROUGH RETENTION BRANCH HOMEPAGE IN THE HRC WEBSITE: <https://www.hrc.army.mil/site/protect/Active/opfamdd/Retention/LDD12.htm> OFFICERS APPROVED FOR THIS MENU OF INCENTIVE OPTION WILL BE ASSIGNED TO THE SELECTED INSTALLATION A MINIMUM OF 24 MONTHS.

#### **(1) POST OF CHOICE ELIGIBILITY**

- a. OFFICER MUST HAVE AT LEAST 12 MONTHS ASSIGNED TO THEIR CURRENT DUTY STATION PRIOR TO PCSING FOR POST OF CHOICE OPTION.
- b. OFFICERS ASSIGNED TO LIFE CYCLE UNITS ARE NOT ELIGIBLE FOR THE POST OF CHOICE OPTION.
- c. OFFICERS CURRENTLY ON ASSIGNMENT INSTRUCTIONS ARE NOT ELIGIBLE FOR THE POST OF CHOICE OPTION.
- d. OFFICERS WITH FAMILY MEMBERS ENROLLED IN THE EXCEPTIONAL FAMILY MEMBER PROGRAM (EFMP) MUST ENSURE THAT THE GAINING INSTALLATION CAN SUPPORT THE OFFICER'S NEEDS PRIOR TO CONFIRMATION OF THIS INCENTIVE AS AN OPTION.
- e. OFFICERS ENROLLED IN THE MARRIED ARMY'S COUPLE PROGRAM (MACP) MUST ENSURE A VALID REQUIREMENT EXISTS FOR THEIR SPOUSE AT THE GAINING INSTALLATION PRIOR TO SELECTING POST OF CHOICE AS AN INCENTIVE OPTION.

**(2) POST OF CHOICE EXECUTION** – CAPTAINS REQUESTING THE POST OF CHOICE OPTION MUST SUBMIT THE 2007 ARMY OFFICER MENU OF INCENTIVES PROGRAM CONTRACT REQUESTING POST OF CHOICE INDICATING **ONE** INSTALLATION (CONTRACTS SUBMITTED WITH MULTIPLE INSTALLATION OPTIONS WILL BE RETURNED WITH NO ACTION). THE REQUEST MUST BE ENDORSED BY THE FIRST LIEUTENANT COLONEL (OR HIGHER) IN THE OFFICER'S CHAIN OF COMMAND TO THE OFFICER

PROFESSIONAL MANAGEMENT DIVISION, OFFICER RETENTION BRANCH **NLT 14 DECEMBER 2007** ADDRESSED DIRECTLY TO THE HRC ARMY OFFICER RETENTION BRANCH.

12. SUBMIT COMPLETED FORM BY:  
FAX TO: DSN 221-8835 OR COMM 703-325-8835  
OR EMAIL TO: [OPMDRETENTION@CONUS.ARMY.MIL](mailto:OPMDRETENTION@CONUS.ARMY.MIL)  
OR MAIL TO:  
HRC-ALEXANDRIA  
ATTN: OPL-L - OFFICER RETENTION BRANCH  
200 STOVALL STREET  
ALEXANDRIA, VA 22332

13. REFERENCES:

- A. AR 350-100 OFFICER ACTIVE DUTY SERVICE OBLIGATIONS, 5 MAY 2006
- B. AR 614-100 OFFICER ASSIGNMENT POLICIES, DETAILS AND TRANSFERS
- C. DA PAM 600-3 COMMISSIONED OFFICER DEVELOPMENT AND CAREER MANAGEMENT
- D. MILPER 06-326 EXPANDED GRADUATE SCHOOL SELECTEES FOR FY08-FY12
- E. MILPER 06-256 EXPANDED GRADUATE SCHOOL PROGRAM SELECTEES FOR FY07
- F. MILPER 06-335 EXPANDED GRADUATE SCHOOL OPPORTUNITIES FOR JUNIOR OFFICERS
- G. AR 608-75 EXCEPTIONAL FAMILY MEMBER PROGRAM (CHANGE 1)
- H. MEMORANDUM, OUSD P&R, 10 SEPTEMBER 2007, SUBJECT: CRITICAL SKILLS DESIGNATION FOR CRITICAL SKILLS RETENTION BONUS (CSRB), (37 U.S.C. 323) – REGULAR ARMY CAPTAINS IN THE ARMY COMPETITIVE CATEGORY AND CERTAIN NURSE CORPS AND MEDICAL CORPS
- I. MEMORANDUM, SAMR, 10 SEPTEMBER 2007, SUBJECT: IMPLEMENTATION OF THE CRITICAL SKILLS RETENTION BONUS (CSRB) FOR REGULAR ARMY CAPTAINS
- J. MEMORANDUM, ASA (M&RA), 10 SEPTEMBER 2007, SUBJECT: IMPLEMENTATION OF MENU OF INCENTIVES FOR REGULAR ARMY CAPTAINS
- K. US CODE 37 SECTION 323

14. EXPIRATION: THIS MESSAGE EXPIRES ON **1 SEPTEMBER 2008** OR UPON RELEASE OF SUBSEQUENT OFFICER MENU OF INCENTIVES PROGRAM ANNOUNCEMENT.  
QUESTIONS MAY BE ADDRESSED TO [opmdretention@conus.army.mil](mailto:opmdretention@conus.army.mil) .

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## APPENDIX C: EGSP UNIVERSITIES BY CATEGORY

<b>EGSP/MEDIUM</b>
ABILENE CHRISTIAN UNIVERSITY, TX
CLEMSON UNIVERSITY, SC
COLORADO SCHOOL OF MINES, CO
CREIGHTON UNIVERSITY, NE
FLORIDA INSTITUTE OF TECHNOLOGY, FL
GEORGE MASON UNIVERSITY, VA
GORDON-CONWELL THEOLOGICAL SEMINARY, MA
HAWAII PACIFIC UNIVERSITY, HI
IOWA STATE UNIVERSITY OF SCIENCE AND TECHNOLOGY, IA
KIRKSVILLE COLLEGE OF OSTEOPATHIC MEDICINE, MO
LOUISIANA STATE UNIVERSITY & AGRICULTURAL & MECHANICAL COLL, LA
LUTHER THEOLOGICAL SEMINARY, MN
PENNSYLVANIA STATE UNIVERSITY MAIN CAMPUS, PA
SAN DIEGO STATE UNIVERSITY, CA
SHIPPENSBURG UNIVERSITY OF PENNSYLVANIA, PA
TEXAS SOUTHERN UNIVERSITY, TX
TOWSON STATE UNIVERSITY, MD
UNIVERSITY OF COLORADO AT DENVER, CO
UNIVERSITY OF COLORADO, BOULDER, CO
UNIVERSITY OF HAWAII AT MANOA, HI
UNIVERSITY OF ILLINOIS AT CHICAGO, IL
UNIVERSITY OF KANSAS MAIN CAMPUS, KS
UNIVERSITY OF LOUISVILLE, KY
UNIVERSITY OF MASSACHUSETTS AMHERST CAMPUS, MA
UNIVERSITY OF MASSACHUSETTS CENTRAL OFFICE, MA
UNIVERSITY OF MIAMI, FL
UNIVERSITY OF NEBRASKA-LINCOLN, NE
UNIVERSITY OF NEVADA-LAS VEGAS, NV
UNIVERSITY OF NEW MEXICO MAIN CAMPUS, NM
UNIVERSITY OF NORTH DAKOTA MAIN CAMPUS, ND
UNIVERSITY OF NORTH TEXAS, TX
UNIVERSITY OF OKLAHOMA NORMAN CAMPUS, OK

UNIVERSITY OF PHOENIX, AZ
UNIVERSITY OF RHODE ISLAND, RI
UNIVERSITY OF TAMPA, FL
UNIVERSITY OF TENNESSEE, KNOXVILLE, TN
UNIVERSITY OF TEXAS AT ARLINGTON, TX
UNIVERSITY OF TEXAS AT AUSTIN, TX
UNIVERSITY OF WASHINGTON, WA
UNIVERSITY OF WISCONSIN-MADISON, WI
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY, VA
WASHINGTON STATE UNIVERSITY, WA
INSTITUTE OF WORLD POLITICS WASHINGTON, DC

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